FOREIGN AFFAIRS

AN AMERICAN QUARTERLY REVIEW

JANUARY, 1932

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CONTRIBUTORS TO THIS ISSUE

JOHN H. WILLIAMS, Professor of Economics at Harvard University, author of several economic works * * * *SIR ARTHUR SALTER*, Secretary of the Allied Maritime Transport Council during the World War, recently Director of the Economic and Finance Section of the League of Nations * * * *RICHARD VON KÜHLMANN*, from 1908 to 1914 Counselor of the German Embassy in London; Secretary of State for Foreign Affairs, August 1917 to July 1918, during which time he negotiated the Treaty of Brest-Litovsk and the Peace of Bucharest * * * *VITTORIO SCIALOJA*, formerly Minister of Foreign Affairs of Italy; head of the Italian delegation to the League of Nations * * * *WALTER H. MALLORY*, Executive Director of the Council on Foreign Relations; author of "China: Land of Famine" * * * *CAPTAIN T. J. BETTS*, General Staff, United States Army; recently Assistant Military Attaché in China * * * *EOIN MAC NEILL*, Speaker of the Dáil Eireann, 1921–22; Minister of Education and member of the Executive Council of the Irish Free State, 1922–26; Professor of Early History in the National University of Ireland * * * *EDMOND VERMEIL*, Professor in the University of Strasbourg * * * *CHARLES K. BURDICK*, Dean of the Cornell Law School * * * *WILLIAM HENRY CHAMBERLIN*, for some years correspondent of the *Christian Science Monitor* in Soviet Russia; author of "Soviet Russia" * * * *MAJOR GENERAL FRANK MC INTYRE*, former Chief of the Bureau of Insular Affairs in the War Department * * * *MAXIMO M. KALAW*, Dean of the University of the Philippines; author of several books on Philippine government * * * *RAYMOND B. FOSDICK*, Chairman of the Commission on Training Camp Activities of the War and Navy Departments, 1917–18; special representative of the War Department in France, 1918–19 * * * *WILLIAM O. SCROGGS*, trade expert of the United States Shipping Board, 1918–19; member of the editorial staff of the New York *World*, 1925–31 * * * *CLARENCE H. HARING*, Professor of Latin American History and Economics at Harvard University * * * *ERNST JÄCKH*, President of the Hochschule für Politik, Berlin.

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The Editors.

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FOREIGN AFFAIRS

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THE CRISIS OF THE GOLD STANDARD

By John H. Williams

WE HAVE this year passed through the most acute international money crisis that has ever occurred in time of peace. The panic which began with the failure of the Austrian Kreditanstalt in May, forced the Hoover debt holiday and the freezing agreement on German short-time debts in June and July, wrecked the British Labor government in August and drove England from the gold standard in September, and then drained $738,000,000 of gold from the United States by the end of October, has no parallel for speed and magnitude in the history of international finance. Coming two years after the beginning of the decline in business conditions, at a time when according to virtually all the professional forecasts recovery should have been well under way, these events produced profound bewilderment and dismay in all countries.

I do not pretend to be able to diagnose this depression. Though there are many plausible theories, there is very little agreement about the causes of the business cycle. There is reason to question whether economic changes unfold according to any pattern so definite as the term "cycle" implies. But we do recognize minor and major variations in economic conditions and have had experience of great world "conjunctures." Most frequently they have occurred after wars. The Napoleonic Wars were followed by such a period, the Civil War and the Franco-Prussian War by the long depression of the 'seventies. Indeed, the slump of the 'nineties seems the only one comparable in duration and severity which does not fit into this chronological sequence. As the current depression has unfolded we have ceased to regard it as a minor variation consequent upon our stock market collapse — which seemed to be the majority opinion of American forecasters in the winter of 1929 — and have come to view it as the culmination of

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certain deep-seated international maladjustments which had their origin in the war.

The greatest single change which has occurred since 1914 has been in the comparative international positions of the United States and England. From being the world's leading debtor we passed during the war to being the world's leading creditor. England's position has meanwhile become steadily weaker. It may take decades to work out all the implications of this revolutionary change and to make all the necessary international adjustments. Most of the larger world problems of today proceed out of it or have some intimate connection with it. England's creditor position in the nineteenth century had developed gradually, along with the development of a world economy involving the division of productive effort between the older industrial areas and the younger agricultural areas and the flow of accumulated savings from the former to the latter. The same circumstances which assigned to England the leading rôle in capital export made London the international money market and the Bank of England the administrator of the gold standard.

The international gold standard is based upon the assumption that the flow of gold makes an automatic correction of departures from equilibrium in international payments. This assumption is most valid when four conditions are fulfilled: (1) when there are no surplus gold reserves in the banking system and a loss of gold must mean a shrinkage of bank credit; (2) when there are no international capital movements, so that, on balance, exports of goods must equal imports and any excess of one over the other must induce a corrective flow of gold; (3) when unit costs of production are responsive to money price variations, so that when prices change in response to increases or decreases of gold, production and trade will respond to the movement of prices; (4) when international demand responds freely to changes in prices, so that a fall of prices will produce an increase in value of exports relative to imports, and contrariwise. Given these conditions, trade changes are corrected by the interaction of gold flow and prices.

It must be admitted that these conditions are never found fully and simultaneously developed and that there has never been that "automatic" working of the gold standard which the English Bank Act of 1844 was designed to insure. But there was a closer approximation to these conditions before the war than there is at present. At that time the chief qualification was in the

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flow of capital. A rise of prices in one country relative to others (such as in the absence of capital movements would cause increase of imports, outflow of gold, fall of prices, and thus an increase of exports to the point where exports again equal imports and gold flow ceases) may in fact attract capital from abroad. Rising prices usually mean rising profits, which attract capital, which in turn is likely to cause further rise of prices, and hence more profits, and hence more capital inflow. This cumulative movement is more apt to be accompanied by gold inflow than by gold outflow, and the gold inflow provides a monetary basis for still further expansion. Recent investigations of the pre-war movements of gold show, in the case both of England and the United States, a clearly defined tendency for gold to flow inward during prosperity and outward during depression. Outstanding instances of the cumulative effects of pre-war capital movements are the American boom which terminated in the crisis of 1873, and the Argentine boom which culminated in the Baring Panic of 1890; but in neither of these cases was the capital importing country upon the gold standard.

Under pre-war conditions, however, capital movements were less likely to produce serious maladjustments than has been the case under the conditions existing since 1914. The borrowers were the young, growing countries. The same conditions which attracted foreign capital attracted foreign products, particularly in the form of capital goods. Trade adjustment was thus to a large extent a simultaneous process rather than a sequence of steps. Foreign investment and foreign trade were not so much a cause and an effect as they were dual aspects of a single phenomenon. Gold flow would occur only when the balance of foreign investment was in excess of or less than the balance of foreign trade. But its effect when it did occur might still be cumulative rather than corrective. A flow of gold to the capital-importing country might produce credit expansion, rising prices, and a further inflow of capital, while producing in the capital-exporting country a more drastic, and at the same time less effective, curtailment of credit than the simpler theory had assumed. The Bank of England's discount rate policy, designed to protect the gold reserve, was an effective check upon the process in so far as a higher bank rate could discourage British foreign lending, attract outside short-term funds to London, and stop the outflow of gold by reversing the forces which caused it. Since the English banking system had

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in it very little slack, being operated upon a comparatively small reserve of gold and employing a very expensive form of currency in the Bank of England note, protection of gold reserves was the chief, and probably the only important, criterion of credit policy. The Bank of England's action was therefore prompt, and ordinarily effective. England was the leading exporter of capital, the free market for gold, the international discount market, and the international banker for the trade of other countries as well as her own. She thus held all the controlling elements of the situation in her hands, and her own monetary and trade position was such as to insure their prompt and effective use. The world was in this sense upon the sterling standard.

II

Post-war conditions have in various ways been radically different. It is often suggested that maldistribution of gold is the major cause of the depression and the recent monetary crisis. But it is necessary to account for the maldistribution. When England left the gold standard the United States had $5,000,000,000 of gold and France about $2,300,000,000, out of a world total of about $11,500,000,000. This is obviously maldistribution in some sense or other; it strikes one immediately as undesirable and abnormal. But it is less easy to say in just what sense it is abnormal; and this is particularly important when one considers how to change it. The French supply is relatively much larger than our own, but France has always liked to have a large supply. France is the European sink for gold. Her price level is comparatively insensitive to gold flow, so that she finds it much easier to attract gold than to expel it. It is indeed unfortunate that this should be the case, but it is not altogether a new problem.

It is said by European and American economists that our own gold policy has been chiefly responsible for the world's ills. We are accused of sterilizing gold. As Mr. Keynes put it in 1924, the world's gold has been buried in the vaults of Washington. This view has gained wide support. It has become part of the viewpoint of the man in the street, a commonplace of newspaper financial gossip. The thesis has taken different and somewhat conflicting forms. Some writers complain of too much artificial "management" of the gold standard by the Federal Reserve System. When gold comes in it is "offset" by open-market sales of securities by the Reserve Banks, which decrease the reserves of mem-

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ber banks by as much as the new gold has increased them. When gold flows out it is offset by open-market purchases of securities which replenish reserves. Our gold holdings are so large that the Reserve Banks can afford to ignore the effect of gold movements upon themselves. By offsetting the gold flow we keep our domestic price level stable and throw the entire strain of trade adjustment upon foreign price levels. Other writers complain of too little management. Our banking system makes such an economical use of gold that the gold flow exerts little effect on prices; therefore the Reserve Banks, by appropriate open market operations, should compel the gold flow to influence prices. But far from inflating credit to the limits of our gold we are said to have pursued a policy of price stabilization, or at best a policy of indifference toward the plight of other nations. Meanwhile our international creditor position exerts a pull upon the world's gold whenever our new annual exports of capital diminish. Thus more and more gold becomes buried in our vaults. Now we have reached the breaking point and have cracked the world asunder.

This is indeed a serious indictment, but I am not at all sure that either version of it is valid. The analysis so interweaves truth and error that they are not easy to unravel. We can all agree that something is seriously wrong, but not necessarily on what it is. That we have acquired and retained the gold is clear enough. Since 1914 we have increased our gold stock by about $2,500,000,000. Much of it came during the war in part payment for our huge wartime exports; even more of it came in 1921–24. With Europe off the gold standard, and with European currencies depreciated and European capital seeking safety here, we were the only large market open to gold and the most effective bidder for it. In 1925–29 our gold holdings did not increase, though there were some rather violent inward and outward movements. From October 1929 to July 1931 we imported $573,000,000 of gold.

During the depression the gold has come mainly from the young countries of the world, whose commodity prices have been acutely depressed at the same time that their inflow of capital has been cut off. The burden of interest payments and of imports has turned the foreign exchanges against them and drained off their gold, partly to the United States but chiefly to France. It is very interesting to note that these countries have lost gold not because, as in the orthodox theory, their price levels were high relative to those of other countries but precisely because the

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prices of their exports have been abnormally low relative to those of other countries. This is a striking example of the way in which our four qualifications, previously stated, can alter the simpler theory of the gold standard. The demand for agricultural products is inelastic. When prices fall sharply the total value of exports is likely to decrease relative to imports, which consist of industrial products for which demand is more elastic. Since there is little or no diversification of production, these countries find it peculiarly difficult to curtail output. Meantime, interest on foreign debts must be paid. With prices falling, the debt payments entail a progressive increase in quantity of exports relative to value of exports, but increasing quantity depresses prices further. It becomes a case of indeterminate equilibrium, and gold flows out persistently until collapse ensues. Since 1928, the South American and Oriental countries, plus Australia and South Africa, have together exported over $1,250,000,000 of gold. Australia and Argentina are off the gold standard, Canada has been on and off a number of times, Brazil has defaulted on her foreign debts, and all South American bonds have been at panic prices.

I would especially hesitate to lay this draining off of gold from the agricultural countries to any sins of commission or omission by our banking system, except of course in so far as it can be shown that our earlier gold management was responsible for the depression's getting started in those countries. A more straightforward explanation may be found within agriculture itself: revolutionary improvements in technique, restoration of European production lost in the war, increased Russian exportation since 1928, price-fixing schemes in copper, rubber, coffee, tin and other products, not to mention the interesting experiments in this line by our own Farm Board, which have artificially protected high cost production and increased total output. All this has increased the difficulties arising out of the inelastic character of the demand for agricultural products. But even this explanation is not so straightforward as it seems, and agricultural economists are divided on whether overproduction preceded the fall of prices or the fall of prices preceded overproduction.

Banking statistics do not indicate that we have sterilized gold. The gold that flowed in before 1925 was used by our banks to pay off rediscounts which were swollen by the boom of 1919–20; but it also served as a basis for credit expansion, as loans and deposits increased substantially. After 1924 our gold holdings did not

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increase, demand deposits ceased to expand, but bank loans and time deposits continued to increase. For the period 1914–29 our bank deposits increased by over $35,000,000,000, or by fifteen dollars of deposits for every dollar of gold imported, and our gold reserves were less than 7 percent of our bank credit. This is a more intensive utilization of gold than is found in any other country except England.

It is true nevertheless that we do not need all our present gold, in view of the economy of the Federal Reserve System. The phenomenal expansion of time deposits since the war, and the continuance of this expansion after 1925 when demand deposits ceased to grow, would suggest not unwillingness of our banking system to use gold but a saturation of demand for credit. As bank assets increased, the public carried an increasing amount of the resultant deposits as idle deposits. The alternative, if we do not fully utilize the gold ourselves, would be to push it out; but this is less simple, under recent world conditions, than it might appear. We have, in general, kept discount rates low and assisted foreign central banks by various credits and exchange transactions. We have drawn no gold at all from England since 1929. In 1927 we tried to force out gold. By lowering our bank rate we did succeed in pushing out the accumulations of the preceding five years, but the low money rates contributed to our stock market boom, which induced a new inflow of gold.

There is a vast difference between trying to expel gold and controlling a flow which is induced by economic conditions themselves. England's pre-war task of administering the gold standard was simple in comparison with ours today. Some of our gold "management," for example, has clearly been directed toward inducing gold outflow by offsetting its effect on money rates and preserving the monetary ease essential for its continued flow. But if low money rates induce an increased domestic use of credit they may start a spiral of expansion, the last phase of which is inflow of the gold which flowed out at the beginning. We completed this full circle between 1927 and 1929. The problem of gold regulation by central banks has materially changed since the war. The world is more closely knit, and there is frequently a sharp contrast between the internal and external results of a change of bank rate. This fact has been felt in England and in Germany on many occasions in recent years. For example, the Reichsbank has found that when it put up its rate in order to

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decrease credit, short-time balances flowed in from abroad; and when it put down the rate in order to increase credit these balances went out again. Nothing could better prove that in the future central banking policy must be based upon closer international coöperation.

Since 1926 the world's gold has gone to France. At the end of that year the gold holdings of the Bank of France amounted to $725,000,000; on November 12, 1931 they amounted to $2,703,000,000, and there were besides some $535,000,000 of sight balances abroad, which represent a claim on gold. These figures do not of course include the foreign balances of French private banks. In view of these figures it is rather fanciful to put the responsibility for maldistribution of gold upon the United States. The Bank of France gold reserves are today within $200,000,000 of those of the Federal Reserve Banks, and a further conversion of French balances in New York would make them equal to ours. The French note circulation, the principal form of credit, is about $3,310,000,000, which means that there is almost 100 percent coverage by gold and gold exchange. This indeed is sterilization of gold. Meanwhile, England since 1925 has been struggling unsuccessfully to maintain the £150,000,000 gold minimum recommended by the Cunliffe Committee, and Germany's gold reserve has ranged between $303,000,000 and $666,000,000.[1]

Why this enormous drain of gold to France? The explanation is somewhat complex, but goes back to the fact that France stabilized the franc at too low a figure. The *de facto* stabilization was accomplished in December, 1926. Prior to that time the franc had been depreciating rapidly, and got down at one time under two cents. Capital had been leaving the country. When Poincaré succeeded in stabilizing the franc at about four cents confidence revived. French capital began to come back and foreign speculative capital was attracted by prospects of a rise in francs and French securities. At the same time the French price level remained low relative to outside prices, the balance of payments was favorable, and the export trade piled up increasing balances in foreign centers. The result was that France had difficulty in holding the franc down to the stabilization level, and was compelled to buy foreign currencies. Thus she accumulated very large balances abroad, chiefly in New York and London. By the

[1] On November 14, 1931, the Reichsbank's reserve, exclusive of credits owed to foreign central banks, was about $131,000,000.

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middle of 1927 the foreign exchange holdings of the Bank of France exceeded a billion dollars.

But France had no intention of employing the gold exchange standard except as a step toward the gold standard itself. She therefore proceeded to convert her balances into gold with the object of bringing her reserves up to the pre-war level, which had been almost two billion dollars. From 1927 to the middle of 1929 the Bank of France became the leading buyer of gold. French economists argue that up to this point the movement merely established a better balance of gold in the world, since in large part it represented the reclaiming of gold which had previously gone to the United States. But one significant difference from the pre-war situation was that the drain exerted great pressure upon London, which was much less capable of protecting its reserves than it was before the war. Much credit is due the Reserve Banks during this period for their assistance in relieving the strain upon London. By the middle of 1929 the Bank of France had about one and a half billion dollars of gold, the *de jure* stabilization of the franc had been accomplished (June 25, 1928), the foreign exchange holdings of the Bank of France had ceased to grow, and the Bank of France had ceased to purchase gold abroad.

But the French private banks continued their purchases. The French price level had shown no effect of the gold inflow, remaining stationary from 1926 to March 1929, and then beginning a gradual decline; the trade balance was still favorable to a gold inflow. Since 1929 it has been this private inflow which has been the source of disequilibrium in the world's distribution of gold. France has no adequate bill market, and the French banks have never leaned heavily on the Bank of France, which they regard as being somewhat their competitor. They increase their reserves by drawing on their foreign balances, and the Bank of France cannot refuse to accept gold from them so long as the gold standard remains in force. The corrections for this situation would be a rise of the French price level or an exportation of capital; but the French price level is remarkably insensitive, and until 1929 the export of capital was virtually prohibited by tax and other restrictions. In any case, the French people have not been interested in foreign investments. The result has been the continued accumulation not only of gold in France but of balances abroad. These balances, of course, are highly unstable. Together with the short-term foreign balances of other nations they have been a

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chief cause of the acute monetary disturbances of the present depression period.

III

The task of administering the gold standard belongs logically to the capital exporting nations. One significant difference between the pre-war and post-war periods is that formerly this rôle was assigned to England, not only by the monetary necessities of the case but also by the economic circumstances. Today this logical alliance is by no means so clear. The monetary situation assigns to the United States and France the rôle of preserving a proper balance in the world by the flow of capital. But France has long pursued the ideal of the self-sufficing nation, and has neither the financial machinery, the business flexibility, nor the economic motivation which fit a nation for such a rôle. It is not possible to conceive a nation less fitted than France to hold the world's gold or administer the gold standard.

The foreign investment position of the United States contains some highly abnormal elements. We achieved our creditor position as a result of the war. In four and a half years we exported eleven and a half billion dollars of goods in excess of our importations, an amount which equals the sum of our export surpluses from 1873 to 1914. We received part of the payment in a billion dollars of gold, another part by the return of our foreign-held securities and by various exchange-pegging loans, and the principal part in the form of credit advances by our government to the Allied governments. The Allies bought our goods with promises of future payment which they could not honor except as Germany supplied the means by reparation payments. Germany, lacking present capacity to pay, turned to the Allies' creditor. In so far as this system works at all we substitute one debtor for another. The German debts to us are private debts, the Allied debts and the reparation payments are public debts, so that the further result is an inextricable tangle of public and private debts. This is no doubt the kind of thing that Mr. Macdonald calls "crazy economy." One aspect of it is the present conflict of interest among Germany's creditors, the French being reluctant to concede priority to private debts while this country and England are most concerned over private debts.

One of the larger aspects of this condition is that since 1914 the flow of capital has been, to a large extent, perverse. By pre-war

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standards it would be called a flow of capital in the wrong direction; it is a flow of capital not from old countries to new countries but from new countries to old countries. Its purpose was not to develop productive capacities but to meet extraordinary war expenditure. Partly by reason of the processes involved in Europe's restoration of the gold standard, the capital movement has taken peculiar forms. We have exported capital to Europe on long term at high rates and imported short-term balances from Europe at low rates. Meanwhile England because of economic conditions has exported capital on long term, and because of her monetary requirements has imported capital on short term. As time has gone on, our own capital export has become increasingly short-term in character, until the world's money markets have been saturated with short-term balances and a pronounced gap has developed between short-term and long-term interest rates. Nothing could better show the abnormality of much of the post-war capital flow, or the increasing distrust of it among bankers and investors. Given, then, a further and more severe shock to confidence in the present year, the consequences have been tremendous.

There is theoretical validity, I believe, in the view that a nation's capacity for payment can be developed by capital borrowing, even though the nation is not a young country, provided the process is spread over a long period, provided the burden of payment is moderate and definite in amount, and provided the borrowed capital is directed into productive employment. There is considerable evidence that Germany was responding in this fashion between 1924 and 1928 — in the rise of real wages, the growth of savings, the expansion of output, and the lowering of costs by rationalization; though there is also evidence that the capital inflow was too rapid and too large and that some of it was extravagantly spent. On the whole, I am not convinced that Germany cannot in a more normal world pay reparations of moderate amount, though it is obvious that with a world price level one-third lower than in 1928 she cannot by any means carry the burden imposed under the Young Plan. And I am unable to see how, prior to the restoration of normal business conditions, she can make any payments at all. Germany's difficulties today are similar in kind to those of any debtor country under conditions of acute depression. She is worst hit because her debt is greatest, but she is by no means unique in her position. On

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broader grounds I have from the start disapproved of reparations. Large, arbitrary payments of this sort are bound to distort the international economic structure. It is not primarily a question of whether Germany can pay, but whether the world can afford to have this sort of thing.

The abruptness and the abnormal character of the change in our international position, forced on us by war, raises questions regarding our ability to perform the functions of administering the gold standard as well as England did before the war. It is an interesting question whether, had there been no war, we should today be exporting capital on balance. Such a change would have come in time, without doubt, but it would have been accompanied by a change in the general conditions affecting external versus internal investment. Monetary equilibrium now requires an outflow of capital from this country, but investment is a matter for individuals, and it is by no means clear that individuals may not prefer domestic investment and be quite right in their decision. The boom of 1928–29 was of course an extreme case, but not without very great significance. Though the causes of such a boom are always complex, it grew, without doubt, out of the kind of economic progress and the general conditions of economic change that we associate with young countries rather than with old. It was a case of America reverting to type. We witnessed the paradox of large imports of capital coming into the country which, on monetary grounds, should have been supplying capital to other countries. The draining of foreign funds into our stock market seems, without question, to have been one cause of the depression.

We have seen in England the opposite aspect of the matter. British economists complain that capital which should go into home investment goes abroad. That any Englishman should make such an outcry is a striking commentary on how times have changed. Before the war British foreign investment was quickly reflected in the export trade. Foreign investment meant more and cheaper food and raw materials and an increased market for British goods. As I have said, investment and trade were dual aspects of a virtually simultaneous process. The cumulative effects upon England were extremely beneficial. She was enabled to specialize at home in industries operating at decreasing costs as output increased, while developing abroad cheaper products of increasing cost industries. Armed with these advantages, and

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intellectually fortified by her doctrine of free trade as a universal and eternal truth, England played at will upon the economic world, with enormous advantage to it as well as to herself. The more capital she exported the more she had for home investment. In this way she piled up capital and labor upon her small island, and earned excellent rewards for both.

England was the first user of mass production methods, but by exporting her capital, labor, and business-men she put the world in a position to use her methods. Now younger nations, with superior resources, have outstripped her. England's trouble is in part a bad balance of productive forces, too much capital and labor for her resources. But in part it is the increased rigidity and immobility of her economic structure. In part, also, it comes from her war-time loss of markets, for example the Oriental market for cottons, which in some cases no amount of improvement in production costs could probably now win back for her.

England stabilized the pound in 1925 at its pre-war value. By so doing she assumed the full burden of her internal war debts, in contrast with the continental countries which by currency devaluation were largely relieved of their internal burdens. It must be noted further that British industry likewise became saddled with the full weight of the fixed charges upon its heavy capitalization, in contrast, for example, with German industry which by currency depreciation had largely freed itself from interest charges. It is sometimes contended, nevertheless, that England might have succeeded with her stabilization program had she pursued proper policies in subsequent years, though there seems to have been little agreement about what constitute proper policies under such conditions as England has had to face. A more correct statement, perhaps, is that the pre-war sterling standard might have served tolerably well as a fair-weather post-war standard, but England has had very little fair weather since 1925 and very bad weather indeed since 1928.

Stabilization at the pre-war figure involved some fall of prices, though it was not a great fall initially, and would not perhaps have proved serious had production costs been more flexible and had the general conditions affecting British foreign trade been less seriously deranged. Wages would not come down; in some cases technical equipment and methods proved inefficient and difficult to change. Labor has been immobile, both externally and internally. It does not leave the country and it does not move

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readily between industries within the country. The dole has intensified both evils, being based on the principle that the worker should have employment in his own type of occupation. Generations of employment in specialized industries unfit both capital and labor for other employment. Specialization in foreign trade industries creates the problem of unequal magnitudes as between industries. Once these trades are lost, the productive factors must shift into other foreign trade industries of equal magnitude or must migrate to other countries. There cannot, in the nature of the case, be domestic alternatives, and foreign trade alternatives do not present themselves full-blown. Meantime high wages, high taxes, and the dole constitute a tremendous burden upon capital. There thus develops a vicious circle. Foreign investment is preferred to home investment, but export trade does not respond because costs are high relative to foreign costs. Imports increase relative to exports. The increase of foreign investment and of imports throws domestic industry out of employment, which further decreases export trade, and further increases foreign investment as against home investment. The cumulative effects are just the opposite of those which existed in the pre-war period. They have exercised, of course, an insistent pull on British gold.

There has been evidence since June of a better understanding of the world's problem and of a greater willingness to work it out. There is as much danger of over-pessimism today as there was of over-optimism in 1928. The process of adjustment will no doubt be gradual, but it will proceed much faster if there is continuing evidence of a disposition to make mutual adjustments. England's suspension of the gold standard was economic nature's temporary cure for an impossible situation. It affords temporary relief by lifting prices, since costs will not decline; it should to some extent improve the trade balance and revive trade, and there is some evidence that this is happening. But it is not a permanent remedy. The most pressing problem at the moment is to relieve the uncertainties of Germany's position. The solution of gold maladjustments does not readily suggest itself. The problem will of course be less acute under more normal conditions. It is unlikely, if we make proper adjustments now, that the world will soon again have to face international movements of such speed and magnitude, or of such uneconomic origin and character, as we have witnessed since the war. The immediate problem is to

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restore normal conditions. The greatest single help of international character would be the further postponement and substantial reduction of war debts and reparations, along with the slow and orderly liquidation of German private debts. Looking farther ahead, I favor improving the gold standard rather than abandoning it in favor of some other standard. There is still much room for economizing gold and for improving the mechanism and control of international clearance. With war debts reduced and some of the abnormalities of international payment thereby removed, it should be possible by international coöperation to work out a better administration of the monetary standard.

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ENGLAND'S DILEMMA: FREE TRADE OR PROTECTION?

By Sir Arthur Salter

IN THE new British House of Commons, with its total membership of 615, the National Government has a majority of about 500 — some 550 against 50. And in this majority probably 450 are men who, quite apart from the special conditions of this year's crisis, have long desired to see protection an integral part of the British economic system. Of the remainder, some have been converted to this view, others are prepared to support such tariffs as the emergency may seem to require without prejudice to the more permanent policy. It is obvious, therefore, that the British parliamentary position in regard to tariffs is substantially different from what it has been during the eighty years or so in which Great Britain has been (with minor deviations) a free-trade country and the leader of liberal economic policies throughout the world.

To say so much, however, and no more, would be most misleading. The election certainly does not represent a sudden and complete conversion of the British electorate to the view that protection should be the basis of the country's economic system. The issue on which the electors voted was not, though many tried to make it so, that of tariffs versus free trade. One thing is abundantly clear from the campaign in the different constituencies, and from the results. The voter — especially the voter insecurely attached to any party, whose action decides the change of governments — considered quite simply that there was a national crisis, that the country was in danger, and voted for those who seemed to him most likely to concentrate upon dealing with this danger, by whatever means might be appropriate in priority to any other consideration. The weakness of the pound, the danger of its losing its value very seriously if either the budget again fell out of equilibrium or the balance of trade remained substantially adverse, the consequences that would follow not only in the loss of investments and savings but to the structure of the real wage level and social services — these were what concerned him. The mass of the "balancing" electors did not mean to prescribe, nor did they mean to exclude, any particular measure whether of tariff or other policy. It happened that most of the candidates

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who in the eyes of the elector stood for a national policy were Conservatives and protectionists. That was a political accident which he could not help. Where a Liberal and free trader stood for such a policy the same balancing elector voted for him. Sir Herbert Samuel, in spite of the fiercest opposition from the protectionists, was elected at Darwen by a majority exceptionally large for that constituency.

The post-war British electorate is very different from that of the nineteenth century. It is much larger. It is based on adult suffrage for both men and women. It contains a much larger proportion of those who have no strong attachment either to a party or to definite opinions on long-standing controversial questions. The result of an election tends much more to depend on the view taken of the last-moment issue by this great mass of unattached voters. They voted against tariffs when Mr. Baldwin raised the issue in 1924. They swung back in reaction against a fear of Russian influence at the time of the Zinovieff letter in the same year. This time they have voted on a "national" issue to the exclusion — or complete subordination — of everything else. In all these oscillations, and especially the last, the woman's vote has been of special importance.

The attitude of the elector as shown during the contest is probably better evidence as to the character of the issue and the mandate than the somewhat ambiguous, and sometimes conflicting, statements of the different leaders. But on the whole these statements tend to the same conclusion, that the electorate intended the new government to have a "doctor's" mandate, including the authority to impose new duties if the situation seemed to demand them, but was not giving a verdict as to the permanent and normal basis of the country's economic system.

This does not mean, however, either that there has been no change in the British attitude to tariffs, or that new tariffs with a much longer life than that of the present emergency will not be imposed. There is no doubt that as British economic difficulties have been intensified, as the inequality between the few duties in England and the many elsewhere has become more marked and an obvious factor in the financial crisis, and as the British balance of trade has become adverse, the support for a protectionist system has grown. The Empire movement has also made some progress, though much less than might be inferred from a perusal of the press; it has been restrained by the absence of any

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real prospect of the Dominions being willing to make very substantial concessions and by its dependence upon food duties, against which feeling still remains strong. I should hazard the guess that had a referendum been taken at a time when the issue could have been isolated, say in the early part of this year, the majority of the country would have been in favor of new duties on manufactured articles but against protective duties on food.

Any prophecy as to the course of policy in these circumstances must be very conjectural. That policy will depend partly upon the development of the crisis, partly upon the action of other countries and their willingness to negotiate, and partly upon certain special features in the British economic position. We must consider each of these factors before we attempt to form a judgment.

II

The general world position with regard to tariff policy during the last few years must first be taken into account.

The World Economic Conference of 1927 demonstrated beyond question the existence of a general, indeed universal, dissatisfaction with the tariff systems. That Conference gave the most strikingly unanimous and authoritative expression of expert opinion as to the direction in which the world needed to reform its policy in order to increase its prosperity. Some two hundred members of every type of relevant qualification and experience, chosen as responsible persons by the governments of nearly every country, including that of the United States, all agreed that tariffs ought to be simplified, stabilized and reduced. In coming to this conclusion they were influenced partly by the reasons which have appealed to economists in the past, partly by the increase in the level, complication and instability of post-war tariffs and the fact that the war has created new tariff-making authorities, but partly, as men of practical business experience, by one modern factor which needs emphasis. The natural development of industry towards large-scale operations is constantly increasing the handicap of small economic units. Large-scale operations need assured large markets, much larger than those comprised within national frontiers. Trade barriers are not only worse absolutely than before the war; but their obstructive effect on natural economic development is also greater, because the advantages of organization on a basis of equal opportunity over large markets is certainly increasing.

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The subsequent history of commercial policy has unhappily demonstrated, not indeed the complete impotence, but at least the inadequacy of the world's governments to secure effect for even the most authoritatively recommended general policy. This is partly because the advantages can be fully secured only by simultaneous and equal action by many different countries, between which agreement is extremely difficult; partly because in each country the particular interests are politically better organized than those of the public generally; and partly because a tariff in which a national industry has once developed has created forces which make its removal or reduction extremely difficult.

Nevertheless, it would be a mistake to say that, even under these disadvantages, the influence of the World Economic Conference counted for nothing at all. When the Conference met in 1927 the upward movement of tariffs was in full swing; a number of new tariffs were in preparation which were much higher than the tariffs in force up to that time. After two years, the absolute position was not worse but perhaps a little better than when the Conference met. The upward movement had been arrested, if not reversed. The immediate effect in 1927 was to stop a number of proposed increases; and in the following year, 1928, substantial reductions were made by means of bilateral negotiations and extended to other countries by virtue of the most-favored-nation clause. In addition, a series of attempts were made at Geneva to remove barriers by multilateral agreement. Conventions were negotiated to remove "prohibitions," to secure tariff reductions for specified groups of commodities, to establish a "tariff truce," and so on. These attempts, with unimportant exceptions, failed to attain their goal. Either a convention was not signed or ratified, or it was so diluted in negotiation as to be of little real effect, or the adherents were too few to bring it into effective operation. But though the League did not succeed in securing the legal engagements which it tried to secure, the influence exercised through the negotiations was considerable. Countries which would not bind themselves did nevertheless refrain from imposing new prohibitions or new tariffs. The procedure of the negotiations, by bringing into personal and frequent contact those responsible for commercial policy throughout Europe, gave to all concerned a vivid warning of the dangers of a new upward movement of tariffs and a realization of the heavy responsibility which would attach to any country which started it.

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The cause for the League's comparative failure, and the measure of its partial success, are both to be found in one consideration. The negotiations which followed the World Conference, in the three and a half years from 1927 to 1930, took place between European countries; it is on them that the League has, in practice and in this sphere of commercial policy, exercised its main influence. Now two things stand out in any general review of the commercial policy of the last few years. The first is that it is in other continents, and not in Europe, that the great new increases of tariffs have been witnessed. The second is that Europe's attempts to reduce tariffs have been greatly impeded by increases elsewhere. In Europe (apart from the automatic and unintended increase of the real weight caused by falling prices), the trade barriers from which industry (though the same is not true of agriculture) was suffering at the beginning of 1931 were on the whole not greater than in 1927. This was in spite of the fact that large increases were being made elsewhere, and that the same forces which caused these increases were operating with at least equal strength in Europe. While the failure to reduce European tariff barriers is far from being a satisfactory result, the fact that the level has not been increased will not be dismissed as negligible.

It is obvious that the tariff increases in the United States of America, the British Dominions and elsewhere could not but handicap Europe's efforts to reduce her tariffs. And this was the more so because of the traditional European method of attempting such reductions — by bilateral negotiations, subsequently extended by the operation of the most-favored-nation clause. After a time, however, the working of this clause presented a formidable obstacle to progress; and it is one which has so important a bearing on future developments that we must consider it in a little more detail.

The unconditional most-favored-nation clause, long the traditional basis of British policy, more recently appreciated by the United States, and accepted to an increasing extent in recent years by Continental nations, may claim great advantages. It is designed to secure equal treatment, to be simple, and to avoid dangerous complications and confusions of political and economic motives, and thus of many causes of friction. Moreover, the two principles of "reciprocity" and "no discrimination," logically alternatives, are in practice capable of conciliation under certain conditions. A country giving and claiming undiscriminating treat-

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ment can without difficulty secure what it asks from countries which negotiate reciprocal treaties *inter se*, if it is a free trade or a low tariff country. Two countries arranging reductions of special interest to each other are content to give the advantage to other countries if the general policy of the latter is such as not to make the resulting situation impossibly unfair. Even though the duties are equal for other countries, the choice of the articles by the two negotiating countries gives the "reciprocity" a real sphere of action.

But when the countries have high tariff systems the situation rapidly becomes impossible. When two moderate-tariff countries can only negotiate reductions *inter se* if they are prepared to give these reductions to countries whose general tariff is higher than even their unreduced tariff, and who give them no advantage in return, two results must follow: first, reduction by the method of bilateral agreements extended by most-favored-nation must be arrested (as happened in 1928); and secondly there must be a growing feeling that some modification in the unconditional most-favored-nation arrangement is both just and necessary. The American tariff forced this difficulty into great prominence; and it has been aggravated by other factors. The United States has become the greatest exporter, not only in total exports but also in the category of industrial products. But she has at the same time one of the highest tariff systems in the world and has recently increased it. On the top of this the United States is one of the two largest creditor nations — far the largest as regards public debt — and she presents herself to the world as refusing to take the goods with which alone other countries can ultimately pay. She is succeeding in at once having more exports than imports and drawing large cash payments in respect of debts.

This situation at once impeded other efforts to reduce trade barriers and also gave an impetus to the "United States of Europe" movement, the attempt to give Europe some aspects of economic unity and some of the advantages possessed by the United States of America. But this attempt, still in progress, also encounters as its principal obstacle the operation of the most-favored-nation clause. A complete *zollverein* is indeed a recognized exception to that clause; and if it were practicable for Europe, by a single decisive act, to establish complete free trade within a single customs frontier, as the United States has done within its own frontier, no difficulty on this score would arise.

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But no one who knows the extent to which national tariffs are interwoven with the economic structure of Europe, and the supporting political forces which they have brought into existence, will imagine that any such single and complete transformation is possible. It must come, if it comes at all, by stages. And that means either the abandonment of the most-favored-nation clause, with the great danger of causing a chaos of confused, complicated, differentiating and provocative tariff systems, or a carefully safeguarded extension of the present admitted exceptions to the clause with the good-will and consent of non-European countries. This is too big a question to discuss here in detail, but it is certain to be one of the important world problems of the near future.

One other adverse factor in the attempt to reduce trade barriers must be noted, the more because of its direct bearing upon the present English position. The importance to Europe of the British market, still practically a free market in spite of high duties on a few articles, and the danger of losing it, should have been a principal inducement to other countries to reduce their tariffs. But in practice it was impossible to make this an effective bargaining factor in the negotiations at Geneva, for one simple reason. Free trade versus protection had long been a main political issue between the British parties. Countries which might have been inclined to reduce their tariffs in order to retain the free British market felt that to do so in the hope of influencing the British electorate (who might after all be thinking at the time of some quite different issue) to vote for the free trade rather than the protectionist party, was much too remote and uncertain an inducement. This situation, as we shall see, has now changed.

III

So far we have followed, very summarily, the development of commercial policy in the four years following the World Economic Conference of 1927. This period included the first year and a half of the economic depression. We now come to the recent period of the financial crisis which began last June.

There can be no doubt that the disturbance to normal economic adjustments caused by tariffs was at least a contributory and aggravating factor in that crisis. The financial crisis represents a failure of the world's monetary, financial and credit system to cope with an economic disequilibrium which had become too great for it. In its essence it results from a gap in the balance of

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payments between creditor and debtor countries, uncorrected by adjustments in the balance of trade and unbridged by loans. The world needs, on the basis of existing obligations and the distribution of world trade of recent years, some two billion dollars a year of new lending from creditor to debtor countries to maintain its balance of payments. This was forthcoming as late as 1928. But after the collapse of the speculative boom of 1929 the investor in creditor countries was no longer willing to invest abroad either to a sufficient extent or on a long-term basis. For a time the difficulty was met, and default avoided, partly by short-term operations, partly by the export of gold to creditor countries whose new lending was unequal to the surplus in their balance of payments. The first of these methods was precarious, and failed at the first serious shock to confidence; the second was temporary, for four-fifths of the world's gold stocks are already in two creditor countries and nearly all the rest is legally affected as currency reserves. The only alternatives to moratoria or repudiation by debtor countries are to bridge the gap in the balance of payments between creditor and debtor countries by loans, or to reduce it by either cancellation of existing obligations or a change in the balance of trade. The extent to which a creditor country can, while exporting on a large scale, restrict its imports, is mathematically determined by its willingness to lend abroad. Foreign lending will doubtless in time start again, though slowly and with difficulty; but it will have an immense, and probably an impossible, gap to bridge unless it is helped by adjustments in the balance of trade, which means in effect a greater willingness to receive imports from debtor countries.

But however much the financial crisis may have added a further demonstration of the evils of high tariffs, its first effect is to increase them. It is so much easier for debtor countries, or for countries which like Great Britain are embarrassed in their immediate obligations in spite of a strong long-term creditor position, to attempt to secure an equilibrium by keeping out imports than for creditor countries to facilitate their entry. And unhappily that is happening, as a direct result of the financial crisis; trade balances are being readjusted in a form which means a reduction, and not an increase, in world trade. If a country goes off gold, like Great Britain, Sweden and Denmark, the exchange depreciation operates as an import duty. If a country struggles desperately to remain on gold, like Germany or Hungary, it restricts its imports

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and forces its exports out at any price. The second of these measures both drives down world prices again and aggravates the depression, and quickly leads other countries (like Holland) to impose new duties. And so the process continues. The financial crisis, itself partly caused and certainly aggravated by high tariffs, especially in countries to which — in the absence of other means of settlement — excessive gold has been flowing, tends while it lasts not to remove tariffs but to increase them.

IV

We now come to Britain's present position, and her probable course of action. Prophecy is the more dangerous because the policy pursued by other countries, both in dealing with the problems of the financial crisis and the depression and in the modification of their own commercial policies, will be important factors. All that we can do is to mention some of the principal forces likely to operate and to make certain guesses as to what is likely to happen. We need to take into account the political forces, the composition of the new British Parliament and government and the mandate on which they were elected; the circumstances arising from the position of the pound and the financial crisis which caused it; the special characteristics of the British economic structure and organization; the position of the Dominions; and the traditions of British budget and commercial policy.

The political environment in which the new policy will develop has already been described. It is enough to add that the character of the electoral decision has been fairly reflected in the new government, which includes as Chancellor of the Exchequer (Mr. Neville Chamberlain) a convinced protectionist, and as President of the Board of Trade (Mr. Runciman) a free trader of equally long standing, who is however not opposed to tariffs which may seem to be required by a special situation. The rest of the Cabinet includes every shade of opinion — except the most extreme. No place is found in it either for the extreme advocate of an Imperial system, Mr. Amery, or for any free trader pledged against tariffs in all circumstances. But, within these limits, the Prime Minister, Mr. J. H. Thomas, Mr. Baldwin, Lord Hailsham, Mr. Snowden, Sir John Simon, Sir Herbert Samuel, represent a variety of opinion on the main principle which makes speculation as to the course of policy both difficult and intriguing.

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At the center of the Government's immediate problems is the fate of the pound. This has several interesting — and in different circumstances possibly divergent — reactions on tariff policy. In the last weeks of the struggle to maintain the old parity most free traders would probably admit that an emergency tariff (or perhaps prohibitions of luxury goods) would have eased the strain and been a definite (though, as we see in retrospect, probably not a decisive) help. But as soon as the pound went off gold the situation changed completely. The depreciation of the pound is itself a trade regulator, and it operates at least temporarily as both a protective tariff on imports and a bounty on exports. The case for an emergency tariff which existed early in September has therefore gone — at least for the moment. It may be, of course, that it will soon recur. Other countries may go off gold, as some have, and some currencies may perhaps depreciate to a lower point than sterling. Or new prohibitions or tariffs may be imposed to counteract the British "exchange-dumping." Or if, with the depreciation of sterling, luxury imports seem likely to threaten our supplies of imported necessities, discriminating measures against the former may seem desirable. But in the absence of such developments, and in the situation as it is at the moment, there is one powerful consideration tending to restrain any lasting imposition at least of a general tariff. The Prime Minister has announced that, until the pound is again definitely stabilized, a main objective of policy will be the substantial maintenance of its internal purchasing power. This means in effect that the main wage-price-cost level in terms of pounds must be prevented from increasing. Now some increase in the cost of living is inevitable as a result of the increased cost, in pounds, of imported goods. If this should be followed by increases in wages the internal value of the pound could not be maintained — and the pound would lose what is now its only real foundation. There is no reason why this should happen, as the cost of living need not increase so far as to compel adjustments of wages unless aggravating factors are added, but anything like a general tariff in these circumstances would greatly increase the danger.

One further consequence of the depreciation of the pound has been to modify the attitude of some industries which have in the past clamored for protection. This is particularly the case with some which have arrangements with their Continental competitors. They fear that these arrangements will be upset, and that

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retaliation will follow, if to the accidental exchange advantage is added a deliberate duty as well.

Another retarding factor whose importance will become more evident as practical tariff proposals are brought forward consists in the actual economic structure of the country. Under a free-trade system of nearly a century those industries which are most appropriate to that system have grown up. It is not so difficult to impose as to remove tariffs, and the vested interests in free competition are neither so evident nor so vocal, but they exist. It is, however, only in face of specific proposals that these interests express themselves. Shipbuilders, for example, will quite cheerfully assent to protection in principle, but may be expected to be very critical of any duty on iron or steel which seems likely to increase the cost of their raw material substantially, and to ask for safeguards and conditions which will make the protection much less attractive to the industry concerned. It is of course noteworthy that the industries which have fared worst in England, and in which unemployment is greatest, such as shipbuilding, coal and textiles, are essentially exporting industries to which protection could give little or no advantage.

We must next remember the position of our Dominions, which has been widely misunderstood because of the misleading phrase "Empire Free Trade." The Dominions are not willing to admit English goods either freely or in such a way as to cramp the development of their own industries. What they are ready to do is to give a preferential advantage to English over such foreign imports as they admit, in return for corresponding preference for their own imports into England. These are mainly food and raw materials, so that England is asked to make a very serious concession in return for what might be a very limited advantage. Some duties on minor articles of food may be practicable, though the failure to include duties on tea and sugar in the recent taxation proposals (for which the technical arguments were overwhelming) reflects a continuing reluctance to tax food, and the position of the pound described above makes it specially important in present circumstances to prevent unnecessary increases in the cost of living. As regards wheat, the situation has been completely changed since the days of Mr. Joseph Chamberlain by the fact that the Empire as a whole now produces more wheat than it consumes and has a large surplus beyond what England could absorb. If therefore a duty were imposed on all foreign

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wheat, and all Empire wheat were admitted free, the price of wheat would not be affected; the world price would still prevail and the Dominions would have no substantial advantage. These considerations are not set out as an argument against an Empire policy, but to suggest how complex the problem is and how much time is likely to elapse before anything more than partial and tentative measures are taken. In this connection it should be remembered that an Imperial Conference is being arranged in Ottawa for July 1932.

Lastly, among the factors in the problem we must remember certain traditional features in British procedure and practice. We have already seen how bargaining with other countries has been impeded by the fact that protection has been a principal political issue between the parties. This difficulty does not now exist in the same degree, but two others remain; first, the attachment of the country to the most-favored-nation principle in its widest and most unconditional form (to which we have already referred), and secondly, the British budget system. It is a cardinal feature of this system that proposed taxation, including duties, is kept an absolute secret until it is announced in the budget speech, when it is made immediately operative by resolutions of the House of Commons. This procedure, it is evident, allows no scope for prior negotiations.

The above considerations suggest, not that there will be no development of protection in England — for we must remember its strong political forces and its new though limited support in public opinion — but that the evolution will be tentative, not very rapid, and probably moderate. The rest of the world can do much to keep it moderate by their own action in showing a willingness to move towards equalizing tariff systems by reducing those that are highest.

With great diffidence I suggest the following course of development as probable. In the first place, emergency powers are likely to be secured from Parliament for the imposition of such new duties or prohibitions as events may require. This would cover duties or restrictions against excessive dumping resulting from the world's financial crisis, and special duties against luxury imports, designed to help the pound or to prevent a fall in its external purchasing power from depriving the country of its more necessary imports. Duties (including some on subsidiary articles of food) of a tentative and temporary character may be expected

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under these powers, the exact extent and character of them depending upon the development of the financial crisis. In the meantime, it is likely that a scheme of protective duties of a more permanent character will be elaborated and examined by a commission which will take evidence from the interests affected. Such an examination is likely to bring out much opposition in detail to particular proposals. The effect of this will be to restrict the protection and make it subject to onerous conditions as to reorganization and as to safeguards against price increases that are out of line with world conditions. Meantime the Government will be able to bargain with a freer hand with other countries. This process of bargaining will in turn raise the question of a considerable extension of the exceptions to the most-favored-nation clause. It is likely also to involve a further departure from the conditions of secrecy with regard to prospective duties. Meanwhile negotiations, culminating perhaps in the Imperial Conference of July next, will proceed with the Dominions; and the whole development will be influenced at every stage by external world events.

This forecast can be nothing but a guess. Many factors, both internal and external, which cannot now be clearly foreseen, may affect it decisively. In particular the organization of a strong Empire Industries Committee in the House of Commons may force the government to more rapid action than they would wish. It is clear in any case, however, that a new stage has been reached in the history of the development of world commercial policy; and that, whether it tends ultimately to greater or less freedom of international trade, Great Britain's rôle will be substantially different from what it has been in the past. I shall conclude with one final observation. The World Economic Conference emphasized the evils of the height, complication and instability of the world's tariff systems. As the economic depression, and next the financial crisis, have developed, successive committees of experts have placed increasing emphasis on one other feature of those systems — as a principal cause both of economic disequilibrium and of financial breakdown — their *inequality*. In one way or another, by reduction or by increase, it is inevitable that this inequality between different tariff systems should be diminished.

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THE BASIS OF GERMAN CREDIT

By Richard von Kühlmann

FOR a long time the idea seems to have been current abroad that the German people were in the possession of some magic formula which enabled them to bear any burden that might be imposed on them. In the light of experience and economic knowledge that is a foolish notion. What the German people have achieved since the war is certainly astonishing; but it has been achieved only at the price of tremendous sacrifices. As an English proverb has it, the last straw breaks the camel's back. Germany has been burdened to the point of collapse, and her back may now indeed be broken by a straw. What has brought Germany to such a pass? It will be profitable to consider in this connection, first, her resources, and then the factors that appear to have overwhelmed them.

Germany, an old country that looks back on a cultural development of considerably more than a thousand years, lies in the heart of Europe. Its inhabitants, notwithstanding provincial differences, share one and the same culture; and, with negligible exceptions, they speak one and the same language. As far as race and language are concerned, the population of present-day Germany is more homogeneous than that of almost any other state. In the south the Alps form a natural rampart, but in Germany itself there are no great dividing mountain chains. The whole country is opened up by large rivers, which are evenly distributed and constitute important arteries of commerce. Roads and railways give access to the remotest corners. The entire area of the country is thus available for economic exploitation.

About a quarter of Germany's total area is occupied by forests, which are carefully cultivated and managed with a provident eye to the future. Accordingly, timber forms a considerable part of the national wealth. Germany's forest assets have successfully weathered the numerous economic crises since the beginning of the war, but at present they are gravely affected by the dumping of lumber across the eastern frontier.

The natural resources include coal, of which there is an abundant supply in the Saar district and along the Rhine in the west, and on the upper Oder in the east; lignite in western and central Germany; and potash in the central and northern region. Favor-

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able views are entertained by numerous authorities regarding the future production of petroleum, although the present output is inconsiderable. The water power available on the northern slopes of the Alps and in the mountains of middle Germany has been developed to a large extent and constitutes a permanent asset — the more so as the large electric plants dependent on coal are coöperating with the water-power plants.

Up to the 'seventies of last century, Germany was chiefly an agricultural country. Today the industrial population is in the majority; about a third of the inhabitants earn their living by agriculture and forestry, but the greater part are occupied in industry, trade and commerce. The social distribution of the agricultural lands in Germany may be regarded as entirely sound. Nine-tenths of the soil is owned as freehold by farmers or peasant proprietors; about one-tenth consists of estates of large or medium size. As things are today, Germany is still able to feed her people with products of her own soil. This is an important point, which should never be lost sight of in discussing Germany's balance of trade and payments, especially in view of the fact that other industrial countries, such as England, are compelled to import a large part of their food from abroad.

Notwithstanding the cession of important districts in consequence of the Treaty of Versailles, which deprived Germany, for example, of Alsace-Lorraine and of the industrial districts in upper Silesia, industry plays a leading part in Germany today. The coal, iron, electrical, chemical and textile industries stand out. By far the most important commodity which Germany has to sell today is the labor and industry of her inhabitants. She thus may be described as being predominantly a "finishing" country. Many raw materials, especially metals, leather and the various materials used by her textile industries, have to be imported. By means of German coal and German labor these raw materials are transformed into goods for everyday consumption, and a considerable part of them is reëxported. These transactions make Germany's economic life an indissoluble part of the economic life of the world. She must buy raw materials abroad and must pay for them with finished products.

Unlike the other great Powers of Europe, but like the United States of America, Germany is composed of individual federal states, seventeen in number. An area of about 181,000 square miles is inhabited by something over 63,000,000 Germans. The

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individual states composing the United States, notwithstanding differences in size and importance, possess some semblance of equality. Prussia, however, with its 113,000 square miles and its 39,000,000 inhabitants, greatly outweighs the other members of the German federation.

Germany is still a young political entity. After being compelled to achieve unity by means of two short wars, she remained at peace for over forty years, from 1871 to 1914. German unity was put to a severe test by the disastrous World War. Though it has emerged unscathed, the strain on the people was tremendous. The national debt, which had been moderate before the war, went up to enormous proportions, partly on account of loans and advances which Germany granted to her allies. Then came inflation and the destruction of the old currency. With the latter were also wiped out the old German debts, as far as they did not represent reparations imposed by international treaties. The practically complete destruction of Germany's mobile capital assets by the inflation constitutes the most important event in the modern economic history of Germany.

New debts have been contracted by Germany since the period of inflation. On March 31, 1931, these debts amounted to 11,000,000,000 marks, not including the obligations arising out of the Young Plan. They comprise the following items: for the conversion of old obligations, approximately 4,000,000,000 marks; internal debts dating from the past, approximately 651,000,000 marks; foreign and internal debts contracted since 1924, approximately 3,000,000,000 marks and 2,000,000,000 marks respectively. A very considerable part of the German national debt is made up of indemnities for losses caused by the war. For it includes not only the loans granted under the Dawes and Young Plans, which were mainly intended to enable Germany to meet her reparation payments, but also debts owing to Germans living abroad, beyond her eastern and western frontiers, who had suffered losses in consequence of the war. If, however, one considers that the Reich entirely owns the German Railway Company — with its 30,000 miles of track, with stock amounting to 25,000,000,000 marks, and forming the largest railroad system under one management in the world — it would seem reasonable to say that, taking the country as a whole, and regarding it as a covering corporation, the present liabilities are at least balanced by the assets.

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Turning to the individual partners of the Reich, we find that Prussia is most favorably situated. The Prussian debt amounts to approximately 850,000,000 marks. Of all the German states Prussia owns the greatest amount of property, including large coal fields, considerable potash deposits and extensive forests. It would be safe to say that under commercial exploitation Prussia's assets would exceed her liabilities. Generally speaking, the same is also true of Bavaria and Saxony, even though they are not quite as well off as Prussia. At any rate, the total result shows that, in normal times, both the covering corporation, *i.e.*, the Reich, and the individual partners, *i.e.*, the several states, own property that could be converted into money sufficient to balance their present obligations.

In addition to these debts of the several states, the German Reich as a result of the war owes payments in money and in kind, as defined principally in the Young Plan, which is still in force. It is an established fact that in the long run wealth cannot be transferred for non-economic reasons without completely ruining the one who makes the payment and without placing the one who receives it in a dangerous situation. Competent economists accepted this as a cardinal truth long ago. But terrible convulsions have been necessary in order to convey it to wider circles.

From the economic point of view, the payment of the reparations has never been anything but madness. After her mobile capital had been destroyed through the inflation, Germany was for a long time urgently in need of the importation of capital; and this importation did actually take place in a considerable measure. But simultaneously, without any economic *quid pro quo*, capital was squeezed out by the reparations. According to computations made by neutral observers, which are almost certain to fall short of the actual figures, Germany has raised altogether 37,000,000,000 marks for reparation purposes, which includes 8,000,000,000 marks paid under the Dawes Plan and 2,700,000,000 marks paid under the Young Plan up to the inauguration of the Hoover holiday. During the same period Germany has imported foreign capital amounting to approximately 17,000,000,000 marks. Now it must of course be taken into consideration that of this amount little or nothing was received by the German Government, practically the whole amount going to municipalities and private corporations, whereas the reparation payments had to be made almost exclusively by the

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government. Nevertheless there is a very close connection between these two transactions, since it is obvious that the government, like any other body, can draw its resources only from the general economic reservoir.

Germany's mobile capital assets were almost completely swept away by the inflation. Quite obviously, then, if Germany meant to go on living and working, she had to repair the injuries suffered through the war, modernize her means of production, and export goods. She had to do this in order to earn the money with which to meet her foreign debts and her reparations. For this purpose she had to resort to considerable loans from foreign countries. The money borrowed was intended to be used partly for long-term investments and partly for plants and equipment. The appropriate form of these money transactions was therefore that of long-term loans, with gradual amortization. During the earlier part of the post-war period large transactions of this character were successfully carried through, especially by American financiers.[1] As it gradually became more difficult to dispose of bonds, while Germany still continued to be badly in need of capital, the borrowing came more and more to assume the form of short-term loans. No doubt in most cases of this sort hopes were held out — of course without binding promises — that within a reasonable time these short-term loans might be converted into long-term obligations.

It really is pure superstition on the part of financiers to regard short-term loans as safer than long-term ones. Even the most cursory investigation of the given facts and circumstances was bound to show that strictly short-term investments were not available in Germany for so large an amount of short-term money. Both lenders and borrowers were perfectly aware of the fact that it would not be possible to mobilize at any given moment the money borrowed in the form of short-term loans. Nevertheless, veritable mountains of such loans were heaped up. And now Austria and Germany, and in fact the whole of central Europe, perhaps even England, are in danger of being buried under their débris.

Before entering into a more detailed examination of the credit problem let us turn to the financial difficulties of the different governments. All countries without exception are involved in the world crisis, which was brought on largely through the terrible destruction wrought by the war; and in all countries

[1] As an example in this connection we may take the bonds of the German United Steelworks.

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alike its financial consequences appear in the fact that revenues from taxes are sinking more rapidly than expenses can be cut down. So far even the most prudent and pessimistic estimates have without exception been outdistanced by the actual facts. Last year, for example, the budget of the United States showed a deficit of approximately $900,000,000. In the current year, the deficit is expected to reach $1,500,000,000. Up to the moment of writing, the United States Government has not taken any definite steps to remedy this state of things by tax increases. In England the national deficit, in conjunction with other factors, has been threatening to involve the country in complete collapse. Mr. MacDonald, at the head of a National Cabinet, is doing his utmost to balance the budget. Even in France, where the crisis took a mild course as compared with other countries, the current deficit is estimated at 6,000,000,000 francs. For the time being, all these countries have financed their deficits by short-term obligations.

Germany, on the other hand, finds herself unable to obtain credit, even though by reason of her weakened economic condition the tendency of her revenues to sink without there being any corresponding decrease in expenditure has been particularly pronounced. She is barred from foreign credit by the wave of acute mistrust which has engulfed German values. Internal credit is all but unobtainable on account of the prevailing scarcity of capital. When therefore the budget deficit loomed up in a threatening manner, Chancellor Brüning and his Finance Minister had to face the extremely difficult task of restoring the balance by a ruthless cutting down of expenses and by a drastic increase of revenues. Hard as this was on the German people, there was no other way out. By this method Germany alone among the Great Powers has been able, during this period of unparalleled economic depression, to decrease her short-term obligations instead of adding to them. By August 1931 her floating debt had been reduced from 1,828,000,000 to 1,669,000,000 marks. For the present, Germany has balanced her budget; and while it would be rash to venture any definite predictions regarding the future, Finance Minister Dietrich has expressed his firm belief that it will be possible to balance the budget throughout the winter. It is true that most taxes have already been increased to such a degree that in the opinion of financial experts further additions would not result in increased revenues. But the Finance Minister still has other in-

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struments in reserve, one of the most important of them being a sales tax. That is a tax, however, which should be resorted to only in case of extreme necessity. There might also be a modification of the government's policy regarding the importation of lumber; this would have a favorable effect on the unemployment situation, and by improving the economic status of the German landowners would produce increased revenues from taxes.

What has been said will serve to show that neither the general condition of Germany nor the status of her national budget could justify any pronounced distrust towards German Government bonds. Yet we find that the international loans floated under the Dawes Plan and the Young Plan, amply provided with guarantees as they are and bearing interest at the rate of 7 percent and 5½ percent respectively, are quoted at 45 percent and 35 percent of their par value; while the 6 percent Prussian Government bonds stand at 33 percent of their par value.[2]

Nothing is to be found in the general condition of Germany or in its economic history that could justify such distrust or any suspicion that the German people might not be willing to pay their debts. For three-quarters of a century neither the Reich itself nor a single one of the component federal states has ever shirked its liability. From the unification of Germany in 1870 to the World War orderliness and prosperity increased steadily throughout the Empire. With exemplary patience and reasonableness the German people have gone through the sufferings of the war, the terrible defeat, the losses and humiliations imposed on them by unreasonably severe conditions of peace, the turbulent times of revolution, and the complete loss of their savings in consequence of the inflation. The broad masses have shown their temper and loyalty by promptly reviving their old will to work and to save. If we date the beginning of the era of reconstruction from the establishment of the new German currency, this sorely tried people has had only about six years in which to set its house in order.

These six years, moreover, have been anything but favorable years for healthy economic development. Rather, especially towards the end, have they been years of the most serious economic depression recorded in history. Nevertheless, what has been achieved during these six years is truly astonishing. In that space of time the German railway system has been completely

[2] These were the Amsterdam quotations at the end of September 1931.

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restored and partly electrified. German shipping, which had been wiped out, has regained approximately the pre-war level. The electrification of the entire country has been carried out to the smallest details. German industries have been modernized and rationalized; they are hardly surpassed by those of any neighboring country. All the building and construction that had to be left undone during the times of war and revolution has probably been completed now. In addition to these achievements, the German nation, emaciated as it is, has transferred to the victor countries gold and paper to the amount of 27,000,000,000 marks.

The price Germany has had to pay for these magnificent achievements is a cruel one — the progressive impoverishment of those classes of the population which used to be the prosperous ones. The effect of this progressive pauperization, and of the accompanying general unemployment, has been the radicalization of large masses of the population. First among the reasons for the distrust prevailing abroad regarding German values must certainly be set the fear of a political revolution in Germany.

Russian communism is today undergoing a severe economic crisis, and this cannot fail to lessen its power of attraction for the masses. Communism could only be established in Germany by means of an armed military *coup*. It may confidently be stated that the authorities representing orderly government are fully prepared for any such contingency, and we may also rely on the vigilance of the Prussian Government, which shares responsibility for the safety of Berlin.

The grave fears entertained by foreign observers regarding a government by the parties of the Right would also seem to be greatly exaggerated. As things are at present, it is not altogether impossible that such a government should come into power. But it may be taken for granted that if an ultra-conservative cabinet is formed it will be willing to cultivate good relations with other Powers and in the main adhere to the course now being followed in foreign politics.

On the basis of the actual facts, therefore, the acute distrust which is generally evinced towards the credit of the German state would seem to be unjustified and unreasonable. If some way could be found of providing the German Government with medium-term loans as a bridge for getting over the most hazardous stages in the development of the budget situation, no

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one would need to be excessively anxious about the future of German public finance.

Let us now return to the purely financial aspects of Germany's economic situation. As already stated, Germany's mobile capital assets were almost completely wiped out by the inflation. German industries had to procure capital from abroad to provide for their manifold reconstruction expenses, and they could not dispense with this foreign capital until they had been able to build up a sufficient capital reserve out of their own savings. At first this financing was carried out in a rational way, the loans being promptly converted into long-term bonds. But as the international economic crisis became more serious it became more and more difficult to place long-term bonds. The danger of these piled-up short-term loans hung over the economic life of the entire world like a dark cloud, observed by some economists and financiers, but ignored by the world in general until the summer and fall of 1931.

Probably the specific impulse that gave a start to the great credit crisis was provided by the *Anschluss* dispute. In Germany, however, the crisis had already made itself felt after the Reichstag elections in the autumn of 1930, at which time a considerable amount of foreign credit was withdrawn. When the shaky edifice of Austrian high-finance collapsed a wave of distrust and fear swept over the financial markets of the world. The lenders, with France at their head, France having granted a larger amount of short-term loans than any other country in the world, stumbled over one another's heels in their hasty endeavors to get hold again of the capital which they had loaned. What financial history has shown to be true at all times proved to be true in this case. Even under the most cautious financial administrations it is not feasible to repay the full amount of short-term loans if they all are called for at one and the same time. Reproaches were heaped upon German banks last summer when the general withdrawal of short-term loans compelled them to apply for a moratorium. But the conclusion of the moratorium agreements at the last moment saved not Germany alone, but the whole world, from worse calamities. These agreements, however, have many loop-holes, and foreign creditors are availing themselves of every chance to withdraw more money from Germany, thus creating a dangerous situation which calls for the most serious attention of the German Government and the authorities of the Reichsbank.

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Since September 14, 1930, Germany has repaid to her foreign creditors, in gold and in paper, short-term loans amounting to approximately 4,000,000,000 marks. Considering the scarcity of capital in Germany this is an enormous achievement. There is no banking system in the world that could accomplish it without being shaken to its foundations.

The "standstill" agreements have been concluded for a period of six months only. The question as to what is to happen afterwards therefore becomes of the most pressing urgency. In view of the serious deterioration of Germany's general economic situation, repayments on a large scale are not likely to be possible. From German banking circles comes the suggestion that German debtors, taking advantage of the "standstill" arrangement, might engage to repay their foreign debts directly to the German Government. The latter would thereupon guarantee the amounts in question to the individual foreign creditors and would give them notes; these notes would run for five or six years, would bear interest and would be subject to amortization. Each creditor would thereupon be granted a further guarantee for the respective amount from the government or the central banking institution of his own country.The creditors would thus receive negotiable paper guaranteed by the governments of two different countries. In this way it would become possible to thaw the frozen credits resulting from the moratorium, and the German debtors would have a chance to wipe out their debts by means of savings and surpluses from the trade balance. Proposals of this nature were published almost simultaneously by Herr Schmitz, of the German Dye Trust, and by M. Franqui, the well-known Belgian financier. It seems likely that the solution of the immediate moratorium problem will be found somewhere in that direction.

The German trade balance, after remaining disturbingly unsatisfactory for a long time after the revolution, has recently improved in a very promising manner. France must reckon with an excess of imports over exports amounting to about 12,000,000,000 francs. On the other hand, it requires no particular optimism to predict that Germany will be found to have enjoyed an excess of exports over imports amounting to 2,000,000,000 marks in the year 1931. A large excess of exports is imperative for Germany if she is to provide for the interest and amortization of her foreign debts. If her neighbors should make it impossible for her to meet these obligations, as France has already done in part, and as

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Switzerland is trying hard to do, this could only result in a *reductio ad absurdum*. It could only mean that they expect Germany to make payments while barring her from every possibility to do so.

But now the reparations problem is hanging like the sword of Damocles over the head of Germany and — is it not true to add? — over the head of the whole world. The Hoover holiday was a wise and courageous step and served the general good. Many authorities have expressed the opinion that the best thing to do now would be to prolong it. On this point, however, French views conflict sharply with those of other countries, and only the future can show whether a way out can be found that is both feasible and satisfactory. Certainly, however, it is deeply to be deplored that for the time being the general uncertainty regarding the final revision of the whole question of war debts, which is among the decisive factors of the terrible economic crisis that is upon us, is apparently to be perpetuated.

At this writing, it is not yet possible to see clearly whether as a result of Premier Laval's visit the United States has resigned the lead in the reparations question to France. Even the most capable and enterprising French statesmen, Premier Laval among them, have their hands completely tied while the present French Chamber remains in power. In the domain of international affairs it is well-nigh impossible for them to arrive at any independent decisions until after the elections next spring. For that reason it is most difficult to venture a favorable prediction concerning even a temporary solution of the reparations problem. But this much may be confidently asserted: the more vigorously the United States brings its initiative and influence to bear on the reparations question, the more favorable will be the prospects of a fair and reasonable solution conducive to the welfare of the world.

We have tried to show that German finances are not beset with any obscure, incalculable, or unmanageable problems. Their underlying conditions do not by any means warrant a pessimistic attitude. A nation crushingly defeated in the greatest war in history finds itself engulfed in a world-wide economic crisis of unparalleled severity just at the moment when it seemed on the point of gaining firm foothold again. Yet if the moratorium and reparations problems are dealt with in a fair and sensible way we have every reason to view Germany's financial future in the light of sane optimism.

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OBSTACLES TO DISARMAMENT

By Vittorio Scialoja

THE question of disarmament is to be discussed at Geneva early in 1932 at a great conference called by the League of Nations. At the end of the war the world was exhausted and horrified by the slaughters which it had witnessed, and the ideal of peace shone before the eyes of the peoples in all its splendor. The League of Nations was thought of as the most suitable instrument for realizing that ideal. It was recognized that excessive armaments, far from guaranteeing peace, tend to foster a warlike spirit; and thus it came about that Articles VIII and IX of the Covenant made specific stipulations in this regard. It will not be amiss to recall them here:

Article VIII. 1. The Members of the League recognize that the maintenance of peace requires the reduction of national armaments to the lowest point consistent with national safety and the enforcement by common action of international obligations.

2. The Council, taking account of the geographical situation and circumstances of each State, shall formulate plans for such reduction, for the consideration and action of the several Governments.

3. Such plans shall be subject to reconsideration and revision at least every ten years.

4. After these plans shall have been adopted by the several Governments, the limits of armaments therein fixed shall not be exceeded without the concurrence of the Council.

5. The Members of the League agree that the manufacture by private enterprise of munitions and implements of war is open to grave objections. The Council shall advise how the evil effects attendant upon such manufacture can be prevented, due regard being had to the necessities of those Members of the League which are not able to manufacture the munitions and implements of war necessary for their safety.

6. The Members of the League undertake to interchange full and frank information as to the scale of their armaments, their military, naval, and air programs, and the condition of such of their industries as are adaptable to warlike purposes.

Article IX. A permanent Commission shall be constituted to advise the Council on the execution of the provisions of Articles I and VIII, and on military, naval and air questions generally.

The design to proceed to a general disarmament of all the nations was further avowed in the preamble to Part V of the Treaty of Versailles, a declaration that was taken over into the Treaties of St. Germain, Neuilly and Trianon.

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In the many years that have passed, and despite the earnest efforts of its commissions, the League of Nations has not attained any practical results in connection with disarmament.[1] Why has this been? Just what were the obligations imposed by the treaties above alluded to? Just what are the influences that have so far prevented the execution of promises so formally made and several times reiterated? Since we are to face disarmament in a practical way it is best not to have illusions. The solution of the problem will not be easy in any case. It will become even more involved if the real difficulties continue to be ignored.

In the treaties in question disarmament was considered as a duty to civilization, as a solid foundation for peace, and as a means of removing causes of international discord. It was to be the means of devoting the huge sums spent on armies, navies, air fleets and fortifications to the promotion of human progress. This was the intelligence and the good sense of the matter. But real love of peace had not as yet made its way into the hearts of men. The vanquished peoples thought of disarmament as a punishment inflicted upon them; the victor nations thought of it as a guarantee that no *revanche* would be attempted against them. Whereas, for the treaties to be made effective, it was necessary that the will to disarm should be felt with equal sincerity and warmth by all the peoples who had assumed the obligation of doing so.

First of all we must have clearly in mind the implications of the disarmament directly required of members of the League of Nations, and indirectly of all nations. In the eyes of those who framed the Covenant, disarmament was to consist first in an immediate return of all countries from a war footing to a peace footing; and then in a reduction of armies, navies and air forces to a minimum consistent with the maintenance of domestic order and security from attack. Those gentlemen never thought of that minimum as the minimum necessary for fighting an eventual war. War was regarded as out of the question, as something if not impossible at least very improbable, in view of the declarations which had been made in the various treaties and which in some instances had been fortified by legal sanctions.

Now if in truth people could have absolute confidence that the prohibition laid on war would be respected by all nations

[1] The naval pacts made at Washington and London were the work of individual states and relate to navies only.

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there would be no hesitations regarding disarmament. But unfortunately the fact is that even those peoples who proposed the treaties in question and drew them up are by no means agreed as to the exact interpretation of the prohibition of war; because at the bottom of the human soul lurks the feeling that the war that is condemned is the war waged by one's enemy, not by oneself. That is why the concrete propositions for disarmament thus far put forward do not altogether discount the danger of war and do not ignore the consideration that armies and navies in time of peace are so constituted as to provide preparation for armies and navies in time of war. These have always been the fundamental considerations. Meantime, the reasons for which armaments ought to be maintained but at the same time limited stand clearly set forth in the documents mentioned above — and those documents constitute the law in the case.

Individuals speaking with authority have held that among the prerequisites to disarmament must be placed such an organization of international justice as will guarantee security to each country and provide for the satisfaction of just claims through legal channels. But as a matter of fact the international law established by the treaties alluded to above does not regard justice and security as essential prerequisites to reductions of armaments.

As regards justice, the Covenant does not make disarmament dependent on the organization of international justice, but places them both on the same footing as two powerful factors of peace. And we may add that during the first ten years of its far from inglorious life the League of Nations has successfully made many proposals beyond the limits of action designated in the Covenant — among them its proposals for international arbitration, and for the establishment and regulation of the Permanent Court at The Hague. These were gigantic steps in the direction of international justice, even in matters which in the past have not been subject to arbitration or to the decisions of courts.

As regards security, Article IX of the Covenant refers to it not as a prerequisite to disarmament but as a limit of disarmament: " . . . the reduction of armaments to the lowest point consistent with national safety. . . ." And the security thus regarded as a limit is not the security resulting from present scales of armament but the security that will result from general disarmament. Regard must be had, therefore, not to armaments as they are at

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present, but to future conditions. The limit was never thought of as an impediment to beginning the work of disarmament. The states which are members of the League of Nations have legally and unconditionally obligated themselves to reduce their armaments, but with reservations only as to the limit beyond which they will disarm.

Likewise devoid of legal basis is the contention that the situation at the point of departure must be taken as the criterion for determining the point of arrival. The status of armament at present prevailing in the different countries is often determined by considerations of history, as well as by economic conditions ephemeral in character. But such things cannot be taken into account, since disarmament is to be effected with reference to the point of arrival, not with reference to the point of departure.

There has been much debate as to the wisdom of taking present proportions of military and naval strength as the norm for disarmament. A consideration of present strengths can have legal status only as one of the "circumstances" to be taken into account by the Council (according to Article IX) in preparing its plans for reduction. But whenever present armaments are disproportionate and excessive even under present day conditions, it is clearly one of the intents of the Covenant that such armaments should be reduced to reasonable proportions as compared with other armaments, in order that the general reduction of armaments may not continue the preponderant power of any one country.

Among other "circumstances" specific reference is made in Article VIII to geographical location. Other special circumstances of which the Council must take account are not detailed, but evidently they would have to comprise questions of population, considered under aspects both quantitative and qualitative; the productive power of a country; the number and kind of its military institutions; the kind of armament it employs; its fortifications as at present existing; and so on.

As regards the notion of security, which is to be taken as the limit of disarmament, attention must be paid to the three great categories of armament which the countries of the world at present have at their disposal.

Navies are perhaps the easiest to deal with, for a navy on a peace basis does not vary greatly from what it will be on a war

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footing, at least during the early stages of a war, provided no account is taken of possible alliances or purchases of ships from other countries. It is feasible, therefore, to limit the wartime strength of nations at sea by limiting their peacetime establishments.

When we come to consider land forces we find it much more difficult to estimate the wartime strength of nations, for here it is not merely numbers that count but the preparation and training which has been given them. History shows in more cases than one that countries apparently very weak in military equipment have proved themselves highly prepared when war actually breaks out.

The control of aerial forces, again, is far more complicated than the regulation of navies. It is much easier to build an airship than a naval vessel, and peacetime airplanes may rapidly be adapted to wartime uses.

We must not forget a further difficulty that has direct bearing on the problem. In view of the terrifying progress made recently in the development of poisonous gases and bacteria, weapons which are aimed at civil populations in particular, why should so much stress be laid on limiting kinds of arms which may have only a secondary importance in any future war? It is true that the use of weapons such as these is prohibited by treaties even antedating the Kellogg-Briand Pact. But there is little hope that treaties defining proper and improper instrumentalities of warfare will be respected in case of actual war. While it will be easy enough to obtain limitations on the use of such weapons in times of peace the problem of regulating preparedness in respect of them will be very difficult; for their production is closely conjoined with the processes of normal industry.

We must now consider certain difficulties arising in connection with the practical application of plans for disarmament.

According to Article VIII of the Covenant, the initiative in proposing plans of disarmament to each country is left with the Council, which is to take account of the special circumstances of that country. Criticism of these plans then becomes the function of the various governments concerned. This arrangement would seem to preclude the elaboration of a single general scheme which might be applied to each country in turn.

In practice, however, the procedure thus far has been somewhat different: the search has been precisely for fundamental — in other words general — principles of disarmament. So the rela-

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tive positions of rule and exception have been inverted. This fact involves no violation of the Covenant; for the essential point there is not the manner of procedure, but the legal force of the limitation fixed by the Council and accepted by the individual governments. If therefore at the coming conference, or at some future one, any rule — with or without exception — comes to be accepted by all countries and by the Council, it will be valid as a general norm from which there can be no departure save by consent of the Council. The points of law already established by the Covenant are: first, that a reduction of armaments is essential to peace; second, that such reduction must be made to the minimum compatible with national safety and international obligations for action in common; third, that the amount of reduction is to be fixed by the Council with the consent of the individual countries. Everything would seem to depend on the arbitrary choice of the various countries and of the Council. But what is meant is not that such choice may be arbitrary. What is arbitrary is that the Council and the various countries shall come to some conclusion, after reasonable and rational discussion, in the spirit of the precepts laid down in the Covenant. The coming Conference must therefore loyally strive to reach a conclusion, remembering that failure to observe articles in the Covenant which have become part and parcel of other treaties might constitute legal cause for dissolving the League of Nations.

The system that first comes to mind, in view of the language of the Covenant, and in particular of Article IX, where the establishment of a Permanent Commission on disarmament is recommended, would be the preparation of as many separate plans of disarmament as there are countries, each plan to be criticized and approved by the respective country. But this procedure, apparently so simple and expeditious, breaks down on the fact that the circumstance of one country cannot be determined apart from the circumstances of other countries, nor can anything important and decisive be done in one country without reference to all other countries. The League of Nations has therefore done well in collecting data on the forces of the various Powers and referring those data to a world conference for a discussion of the more important general questions. At this moment one can only speculate as to the reasons that may be put forward for rejecting one type of disarmament and preferring another.

It is very improbable that there will be any effort merely to

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regulate the number of men to be used in an army or navy; or to make proportional reductions in the size of military units; or to suppress a certain number of fractions in the military whole. All attempts to organize reduction in armaments on such bases have come to nought. For one thing, many countries will never consent to absolute publicity as to their military arrangements beyond the publicity provided for in certain articles in the Covenant. Furthermore, the Council would have no end of difficulty in performing its task of constant vigilance and remodeling its plans every ten years. In many of its functions the League has had to halt in deference to individual national interests, and at times even in the face of traditional sentiments devoid of actual substance. Plainly, matters touching national safety — real or imagined — are among those about which countries are extraordinarily sensitive.

The second system that has been suggested would limit by general agreement the military appropriations of each country. By this plan the individual countries would be free to use their allotments as they please. This indirect method of arriving at disarmament seems in fact to have the greatest chance of being accepted. Its obvious advantage is that it would assure economy in military expenditures, so that a part at least of the present wastage can be applied to productive purposes; and the financial effects of disarmament on this basis can be computed in dollars and cents. Nevertheless, not a few difficulties beset this simple plan. It is not easy to determine just what a military budget is. Costs of munitions, ships, planes and weapons may be estimated with fair exactitude, but not so the cost of personnel, which varies not only in proportion to numbers and quality of men but in relation to costs of living in general. The same expenditures can produce vastly different military results in different countries. Militias are trained in different countries in altogether different ways, and in many countries a not inconsiderable amount of the military activity is provided for under budgets of public education, relief for unemployment, and the like. In the domain of transportation, especially, it is difficult to distinguish what is a military expenditure from what is legitimately civil. A country might show insignificant military appropriations on the governmental budget, while providing for extensive military preparedness through special associations and local organizations. Vigilance by the League regarding such matters would encounter the same

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obstacles which are involved in keeping an eye on the details of military organizations, referred to above. Nor have I said anything of the fact that the importance of the various branches of armament varies with different countries. Navies are relatively much more expensive than armies; and some countries do not have navies. All countries, on the other hand, can have air fleets, composed in some cases of dirigibles and in some of heavier than air machines. It is abundantly clear that the enforcement of regulations calculated to cover such complicated situations would give rise to endless controversy and would imply the sort of external supervision which countries are least disposed to tolerate.

Tender sensibilities and suspicion are on every hand. This being so, we must keep firmly in mind the necessity of maintaining as high as possible the moral position of the Council of the League of Nations. The power of the League is different from that of individual states in that it does not rest directly on economic resources and military force. Its power lies in its moral authority and in the sentiment of collective advantage. It is this authority and this sentiment which win general respect for the League, even from those who find themselves opposed rather than assisted by it at a particular moment, and it is these same factors which give us cause to hope for the progressive solution of the disarmament problem under the League's auspices.

In calling attention to a few of the many difficulties inherent in any attempt to grapple with the disarmament problem I am far from suggesting that the idea of disarmament itself be abandoned. I am merely taking the realistic course of pointing out that progress toward the ideal will probably be slow and will require patient devotion on the part of those who are called upon to find ways and means of applying the fundamental principle announced in the Covenant. Upon that principle all men of good-will must agree. We must not lose confidence. The cause of international courts once seemed more difficult of realization than the cause of disarmament seems now; yet in a very few years we have witnessed the establishment of international courts and a rapid extension of the spheres of their competence. In the case of disarmament the very variety of the objections being raised against it may eventually prove to have helped toward finding that middle ground on which law is commonly constituted.

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THE PERMANENT CONFLICT IN MANCHURIA

By Walter H. Mallory

THE incident which occurred in Manchuria during the night of September 18 set in motion a train of events of great magnitude. The incident itself was unimportant: a gunmen's fight in New York or a riot of unemployed in London would produce as many casualties. Yet the encounter between a handful of Chinese and Japanese troops at Mukden has caused the world to reëxamine the whole peace machinery which has been set up since the World War, and in the light of that study to question whether it is advisable or possible to move rapidly toward a reduction of armaments. The statesmen of the world are no longer asked what would the League do in case of a threat of war, but what is the League able to do. The answer has uncovered many defects in the existing world organization. Perhaps one of these defects is the tendency to regard all international situations of this kind on a uniform basis.

The relations between nations are dictated by geographical, racial and economic considerations. Peace is preserved so far as the satisfaction of these considerations allows. Usually it is preserved by the exercise of force — force of arms, force of public opinion, or in some cases perhaps only the force of habit. When some incident mars the friendly intercourse between two or more peoples, force in some form must be applied to secure a return to the *status quo ante* or to effect a new equilibrium. We find this obvious fact exemplified today in the Manchurian problem. Here geographical, racial and economic factors all come into play, and incidents between China, Japan and Russia are perennial. Three major wars have occurred in this region in less than four decades, besides innumerable occasions on which one side or the other has resorted to force. And now a conflict is taking place which seems of more than ordinary importance. With the passage of succeeding weeks of negotiation it has come to seem reasonably certain that all the world can count on finding is some formula for the appeasement of the immediate disturbance. The fundamental issues will, perforce, be left as unsettled as ever. For the nations involved in Manchuria have a very different set of values from those which guide the European nations that the

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League has had to deal with in the past; and in the present instance one of the protagonists is not a well-knit and thoroughly responsible political entity.

The sequence of events since September 18 has been something as follows. The Japanese authorities accused Chinese troops of dynamiting a section of the South Manchuria Railway track near Mukden. Now the treaty rights of Japan include the privilege and duty of guarding this line. The Japanese therefore drove off the Chinese, and in the ensuing fight both Japanese and Chinese troops are known to have been killed. On the other hand, the Chinese claim that the attack was entirely unprovoked. Loaded guns have a way of going off, and it will never be known in the west who fired the first shot; but obviously it takes two to make a fight, and nobody doubts that there was a fight of substantial proportions. Japan immediately moved with great swiftness and efficiency and captured the Chinese city of Mukden early in the morning of September 19. Within a few days the principal cities along the South Manchuria Railway line had been occupied by Japanese troops, and the Chinese armies had been scattered and many of their soldiers disarmed. Japan also promptly sent military expeditions to cities outside the railway zone for the ostensible purpose of offering protection to Japanese settlers. Expeditions have since been made for other reasons, such as to repair the railway bridge over the Nonni River near Anganchi. This resulted in an engagement between Japanese troops and the mercenary army of General Ma Chan-shan, a local leader owning only the sketchiest sort of allegiance to the central government of China.

The initial conflict near Mukden was merely the culmination of a series of minor incidents and took on unusual importance only because the issue happened to be physically joined. Other recent disturbances had served to prepare the fuse which was there ignited. Japan contends that China has been carrying out a program of covert hostility with the definite purpose of undermining Japan's treaty interests. The most important of these are a series of railway, mining and land concessions which for all practical purposes amount to an *imperium in imperio*. As a prize of the Russo-Japanese War of 1905, Japan inherited the southern branch of the Chinese Eastern Railway, extending from Changchun to Dairen.[1] Having secured China's ratification of this

[1] Under Japanese occupancy this part of the Chinese Eastern Railway is called the South Manchuria Railway. See map on page 230.

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transfer of ownership, Japan also secured the concession to build another line running from Mukden to Antung on the Korean border. Another inheritance from Russia, also ratified by China, was a strip of territory encircling the sea terminal of the railway at Dairen, known as the Leased Territory of Kwantung. Capping all these other privileges, Japan acquired a strip of land on either side of the South Manchuria Railway system, of undetermined extent, known as the railway zone. The time limit of these concessions was extended, and adjacent mining rights were reserved, by a treaty which China signed and ratified in 1915 following delivery of a Japanese ultimatum. The treaty of 1915 also gave permission for foreigners to lease land in South Manchuria and Eastern Inner Mongolia — a permission which China has always denied to non-Chinese anywhere in her domain. At the Washington Conference in 1922 China sought abrogation of this treaty on the ground that it had been signed under duress.

Newspaper dispatches from the Far East during the past year have substantiated Japan's repeated complaints that China, besides continuing to deny the legitimacy of the Japanese position, had begun a covert campaign to bring it to an end. Japan declares that there are more than three hundred outstanding cases in which her rights have been violated, and that while negotiations over some of them have been begun, not one has been settled. So far as can be learned, no list of these cases has ever been issued in the English language; but the Japanese authorities have supplied information to the author which makes it possible to indicate their general nature. They fall into the following categories:

Railroad Matters: Violation by China of her undertaking to protect the Japanese-owned South Manchuria Railway against the building of Chinese parallel lines. Interference with the taking of ballast for railroad tracks from quarries. Attacks by Chinese on the operators of the South Manchuria Railway. Unwillingness of Chinese to implement contracts already signed for the construction of other railways by the Japanese.

Mining Matters: Violations of treaties by China with regard to the export duty of Fushun and Yentai coal. Violations of contracts by China regarding Sino-Japanese joint concerns, such as the Fuchow Clay Company. Arbitrary annulment of mining rights owned by Japanese.

Land Matters: Obstructions placed by China in the way of the purchase of land for railroad use. Delay in the settlement of claims made by Japanese Agricultural Development Companies. Violations by China of treaties with regard to lease and purchase of lands.

Taxation Matters: Imposition of various kinds of taxes at the Dairen Custom

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House, as well as in the Railway Zone, in violation of the treaty rights granted to Japanese.

Korean Matters: Prohibition of residence, lease and purchase of lands, imposition of discriminating taxes in violation of the treaty, and annulment of extraterritorial rights of Koreans.

In addition, Japan complains of innumerable insults and irritating actions against her nationals, of the issuance of secret instructions to local Chinese government officials to ignore Japanese rights, to foster anti-Japanese education among Chinese school children, and to obstruct Japanese residence and travel in Manchuria. Any foreigner who has had to reside in China during periods of anti-foreign agitation will at once recognize what a severe strain such tactics put on the nerves. In such circumstances the question of security rapidly loses its academic character; and military men whose training leads them to retaliate in the face of danger are of course particularly hard to restrain. Not all aggression is by military force. A thousand pin pricks may be as effective as a slash of the sabre. China chose to gain her ends by means that technically were pacific. But Japan considered Chinese aggression against Japanese treaty rights no less real because covertly pursued. And finally she struck back, openly and hard. She claims that her treaty engagements with other Powers — *e.g.*, the Kellogg Pact and the Nine Power Treaty — do not limit her right to intervene in China and afford protection to her nationals which Chinese officials fail to give.

On the other hand, Japan secured the special position which she occupies in Manchuria as the result of aggression and of treaty privileges extracted under pressure. The fact that she paid dearly in blood and treasure for her privileges is no extenuation of the methods used in obtaining them, although it has made Japanese public opinion particularly sensitive to any infringement of the Japanese position. Japan can point out that national boundaries usually have been determined in the first place by war. She might, for instance, remind the United States that our own boundary was moved southward as a result of the war with Mexico, and ask us how we would feel if it were now suggested that the arrangement should be repudiated because the treaty of 1848 was signed under duress. Actually the two cases are not analogous, for Japan declares that she does not seek to violate the territorial integrity of China in Manchuria, but only to secure her interests there. She chooses to regard the use of force in the

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present instance only as police action designed to protect Japanese lives and property. This so-called police action has taken Japanese troops outside of the South Manchuria Railway zone, in which she is entitled by treaty to maintain a force of some 15,000 men, and has spread them along all the Chinese railways in Manchuria built with Japanese capital. And these troops have embarked on military adventures which in the eyes of the world constitute intervention.

Let us turn now to consider the fundamental facts which underlie the attitudes of Japan and China. Japan's compelling motives are diverse, but if one were to seek a single word to express them it would be the word "security." Security may not have been Japan's principal aim when first she sought to extend her influence to the mainland of Asia; but that having been done, she came to regard her position there as vitally important, and there has arisen in the Japanese popular mind the belief that Manchuria is Japan's first line of national defense. Japanese strategy is not aimed alone or even primarily at China, who as a result of internal strife lies all but prostrate. It is directed primarily at Russia. Japan and Russia both regard Manchuria as a kind of common backyard, where they are forced for the time being to meet on sufferance. When Russia established herself throughout the whole of this backyard, the Japanese in 1905 rose as one man to displace her.

So much for the strategic aspect of Japan's problem of security. She also seeks economic security. Manchuria has raw materials which Japan sorely needs. Food is there for her constantly increasing population, and coal and iron for her manufacturing industries. The trade statistics show that Manchuria's economic ties with Japan are substantially stronger than those with China, or indeed than those with China and all other countries combined. Imports from Japan through South Manchurian ports during the past few years have averaged about 70 percent of the total. Exports to Japan have exceeded 75 percent, but have shown a decline since 1926. In 1926 exports to Japan and Korea were 72.5 percent of the total; in 1927, 69.3 percent; in 1928, 67.2 percent. Japan is the largest purchaser of Manchurian beans, bean cake, silk, cereals, coal, iron and iron manufactures, as is shown by the table[2] on the following page.

[2] Herbert Feis: "The International Trade of Manchuria." New York: Carnegie Endowment, April 1931.

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MANCHURIAN EXPORTS TO JAPAN IN 1928 THROUGH SOUTH MANCHURIAN PORTS
(in Millions of Haikwan Taels)

	To Japan	*To Korea*	*Total Exports*	*Japan and Korea Percent of Total*
Beans	34.3	1.2	108.3	32.7
Bean Cake	34.0	4.8	57.2	67.8
Coal and Coke	16.2	3.3	34.9	55.8
Silk and Silk Products	7.5	..	11.3	66.3
Iron and Iron Manufactures	6.4	.4	7.5	90.6
Wheat	3.1	.2	3.7	89.1
Millet	1.3	19.6	21.2	98.5

The industrial development of Japan is, of course, built on iron and coal. She secures an important share of these essentials from Manchuria. For instance, probably half of the pig iron imported into Japan comes from Manchuria, and imports are roughly one-fourth of local Japanese production. In the case of coal, Manchuria's production is about a fourth of Japan's. Of the Manchurian coal perhaps a third is exported to Japan. While the supply of these materials is important in peace time, in case of war Japan's other foreign sources might be cut off; then the Manchurian coal and iron would be indispensable.

When Japan counts up her reserves of iron and coal she becomes more convinced than ever that her very life depends on the control of the Manchurian mines and of the transportation facilities which will bring their output to her shores. At the present rate of consumption the iron ore reserves in Japan are entirely inadequate. If domestic ore alone were used to manufacture the iron and steel consumed annually in Japan, the estimated utilizable ore would be exhausted in thirteen years and the total reserves, including low grade ores, in about twenty-five years. In coal, Japan is somewhat better off. Her reserves amount to about 118 tons per capita, while her present annual consumption is about half a ton per capita; at this rate her reserves might be expected to last for over two hundred years. But Japan is only partly industrialized. The per capita consumption of coal in the United States, for instance, is about four tons per year. At this rate, and discounting imports, Japan's reserves would be exhausted in a generation.[3]

These facts are cited to explain the feeling of dependence on Manchuria which has developed among the Japanese people.

[3] "Japan's Economic Position," by John E. Orchard. New York: McGraw-Hill, 1930.

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And as the years pass — as Japan's reserves of raw materials dwindle still further, as her population grows, and as she continues to extend her investments in Manchuria — this feeling will certainly not diminish, but may be expected to broaden and deepen.

China is no less aroused. She likes to think that special rights in Manchuria were stolen from her by Russia, who later lost the spoils to Japan. She is on sounder ground when she points out that Manchuria in law and in fact is an integral part of China. Yet because of Japanese influence there, the Chinese officials are constantly being impeded in the exercise of government. Furthermore, the economic organization of the region has passed out of Chinese hands due to the dominating influence of the South Manchuria Railway, which controls the outlet to world markets. She also emphasizes the fact that the population of Manchuria is 96 percent Chinese, that during the past few years some 5 million new Chinese settlers have made their homes there, and that it is these Chinese people who have developed the country by the sweat of their brow — even though it may have been under a *pax Japonica*.

Japan seeks to justify her course in Manchuria on legal grounds. She has categorically denied any intention of infringing on the territorial integrity of China or the Open Door, both principles which are emphasized in the Nine Power Pact of 1922. She declares her only desire is to defend the sanctity of existing treaties. To this China replies that if Japan has a legal right to be in Manchuria she has no moral right to be there; and as for the legal aspects of the affair, she says that Japan's action in sending troops outside the railway zone is a breach of the very treaties which she pretends to be so desirous of upholding. The fact is that each side has a tenable legal case, which is precisely why outside nations have found it so difficult to effect any compromise.

When the recent explosion occurred the League of Nations sought a way of fulfilling its duty to prevent war. As the United States is a signatory of the Pact of Paris jointly with states members of the League of Nations, Washington associated itself with the League's effort by appointing a representative to sit with the Council. The Council's task was complicated by the fact that oriental peoples do not even pretend to be interested in the question of peace, as such, in the way that occidental nations have been interested since the Great War. In China civil war is chronic, natural, accepted. Japan remembers that Chinese soil has been

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subject to many interventions since the Covenant of the League was adopted, and that none of them brought any protest from Geneva. Russia as recently as 1929 embarked on an armed intervention in Manchuria. Now Japan has intervened there, and the League, on China's solicitation, has decided to regard this action as a threat of war. It would be interesting to speculate why those who guide the League's destinies thought the duty to take action which was avoided in former instances should no longer be set aside; but that is not the subject of this article. The fact remains that even if one disagrees with the theory that Japan's intervention in Manchuria constituted a threat of war, it beyond doubt constituted a violation of Article 2 of the Kellogg Pact pledging the nations to the settlement of disputes by peaceful means.

International controversies, even in distant lands, seem to lend themselves to partisanship, and this partisanship is very often expressed with an intemperance altogether at variance with the pacific ends that foreign observers might be supposed to have in view. This is particularly so in America, and no better example is available than the declaration made on the Manchurian crisis by Senator Borah, Chairman of the Foreign Relations Committee of the United States Senate. In the *New York Times* of September 25 he was reported to have said in a speech delivered at the University of Idaho on the preceding day that Japan's action in Manchuria violated the Kellogg-Briand Pact, the League of Nations Covenant, the Versailles Treaty, and "every international law." Mr. Borah likes to be regarded as an ardent friend of peace. Yet such a statement, made less than a week after the incident at Mukden, before an impartial investigation had been made, and without taking any account of the complex factors involved, could hardly be expected to contribute to a peaceful solution of the difficulty. Declarations of that nature coming from one in a position of high authority and setting forth views which might be considered abroad as representing American official opinion may well have been a determining factor in leading Japan to object formally to American participation in the League's study of the dispute.

What the world needs is an effective and stable government in Manchuria, and the preservation of order. The Chinese authorities, judging by conditions in other parts of their domain, would find it next to impossible to provide this within any reasonable

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time. Japan, if given the authority, could maintain at least the outward semblance of peace. Suggestions have been numerous as to how the gap might be bridged until China is able to govern Manchuria as it should be governed, in its own interest and in the interest of other nations. Two of them seem worthy of mention. First, the League of Nations might propose, with China's consent, to establish a mandate over this territory and might appoint Japan as the mandatory power. Sovereignty would remain in the hands of China, but jurisdiction would rest with the League. Japan would thus acquire international sanction for her actions in Manchuria, but they also would be subject to international review; China might regard this as preferable to leaving Japan the scope for single-handed action which she now enjoys under the 1915 treaty. It would be difficult for Chinese Nationalism to accept such a plan, for it would imply Chinese incompetence to rule; but it might seem acceptable as an alternative to absolute Japanese control. Japan, on the other hand, might be unwilling to accept supervision; but it would give her security, and if it could be accomplished in a friendly spirit it might lead to those cordial relations with China essential for Japanese trade. The second suggestion is that an international police force be established in Manchuria, headed by an officer appointed by and answerable to the League, and with both Chinese and Japanese troops under his command. Its duty would be to preserve law and order, suppress banditry, and furnish protection for Chinese and foreign lives and property in Manchuria.

Neither of these suggestions seems possible of adoption at the moment, and time would be required to carry either into effect. But either of them would provide a mechanism by which the good offices of the League of Nations might constantly and evenly be brought into play. Since the League has entered the present controversy, it is important that it should continue its efforts until some solution has been reached, even one which may not be satisfactory to the League's highest ideals. To withdraw entirely would mean loss of prestige. But it seems clear that in such confused circumstances the usefulness of the League must lie in finding some way to draw China and Japan together, not in attempting to isolate one nation as the aggressor and applying coercive measures to it. Even if the latter course were adopted, and even if it succeeded temporarily, the fundamental elements in the Manchurian situation would not be resolved and a series of

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resistances would be set up which in the end might well prove more damaging than helpful.

We shall probably not live to see a permanent settlement of the Manchurian problem, fair to all parties concerned and leaving no animosities to germinate the seeds of future conflicts. The "solution" of the present crisis should be taken to be the reëstablishment of an equilibrium, where armed conflict is no longer the rule and where the inhabitants are permitted to return to normal peaceful pursuits. The underlying ambitions of both China and Japan are deep-seated and, as far as can be seen, permanent. The inexorable forces of nationality, of economic necessity, of human capability — the forces which in the end must determine the fate of nations — will continue gradually to shape the destiny of Manchuria. Just what will be the end we cannot see. The course of true statesmanship would seem to be to recognize the forces involved, and to lay plans which take them into account, rather than to make the vain effort to force China and Japan to conform to a set code of procedure considered desirable by nations in the west. The League of Nations and the Kellogg Pact are the product of western twentieth-century reasoning. In applying them to seventeenth-century eastern problems their limitations must be clearly recognized.

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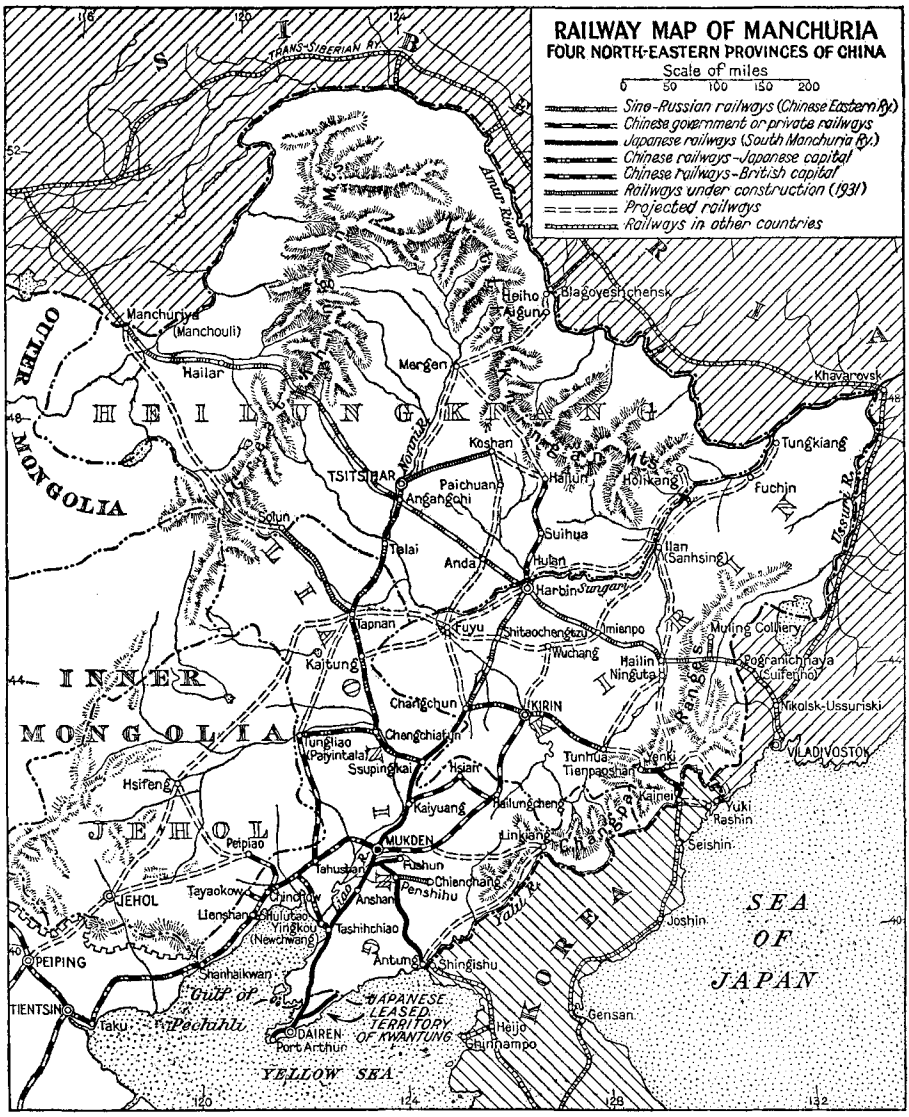

The conflict of interests in Manchuria may be studied on the above railway map. To Russia, the most important line is the Chinese Eastern Railway. Extending from Manchouli to Pogranichnaya, it constitutes an integral part of the direct route from European Russia to Vladivostok. Japan's main interests are in southern Manchuria, and thus center about the South Manchuria Railway, which joins the Chinese Eastern at Changchun and extends southward to Dairen. There is a constant struggle between the Chinese Eastern and the South Manchuria for through traffic, the Russians wishing to route freight to Vladivostok, the Japanese to Dairen. The Japanese aim to complete the line from Changchun to the port of Rashin, in Korea, and so secure a more direct route to northern Japan. The Chinese, by building lines parallel to the South Manchuria, hope to become independent of it. They wish to develop the port of Hulutao, and eventually to complete the line Tungliao-Taonan-Solun-Manchouli. In that event the railway system of China proper would have direct access to the Russian border, and both the Chinese Eastern and the South Manchuria would suffer.

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MILITARY NOTES ON CHINA AND JAPAN

By Captain T. J. Betts

THE clash between China and Japan in Manchuria leads naturally to an investigation and estimate of the strategic situation there, of the military forces on the spot, and of the total military strengths of the two nations involved.

The total number of men under arms in military formations in China today is estimated roughly at 2,500,000. This huge figure gives no real indication, however, of the numbers that could actually be concentrated against a Japanese attack on China proper. Because of rivalries, jealousies and local commitments, it is extremely unlikely that a force of more than 300,000 men could be assembled anywhere in China to make head against Japan. Observers believe that it would not be possible to supply a larger force continuously with the munitions necessary to modern war, and they doubt that the current Chinese military leadership could rise to the tactical and strategic handling of such a mass.

The individual Chinese soldier is remarkably hardy and enduring. He absorbs discipline and training readily. He is capable of undergoing great privations. The simplicity of his wants makes maintaining him in the field an easy matter, and tends to give troop units great mobility. On occasions it has been possible for understanding leaders to animate him with a headlong courage; but these occasions have been sporadic. Usually he is possessed with no all-consuming will to victory. Chinese military equipment is heterogeneous. Special weapons, such as tanks and airplanes, have never been knit effectively into the Chinese military fabric; and the handling in combination of even the traditional arms — infantry, cavalry and artillery — has generally been clumsy.

Japan, on the other hand, is a first-class military Power, thoroughly abreast of the times and with a General Staff that has given years of intensive study to possible operations in China. She has an active army of 230,000 and in case of need could summon at least 2,000,000 reservists to the colors. The Japanese infantryman is one of the world's deadliest fighting machines. Perhaps the Chinese soldier has an even greater passive endurance, especially on the frost-locked plains of Manchuria; but behind the Japanese stands a competent and efficient supply organization that banishes most of the hardships which the Chinese must suffer. In automatic weapons, artillery, combat vehicles and aircraft the Japanese armies attain modern standards and completely outclass the Chinese. This material superiority is enhanced by careful training in teamwork of all units from the infantry squad to the field army. In consequence, the tactical disparity between Japanese and Chinese troops increases steadily with the size and combination of the organizations involved. Furthermore, the Japanese navy holds undisputed command of Oriental waters; and her army is experienced in handling oversea expeditions. To sum up, there can be no doubt of Japan's ability to land and sustain forces capable of shattering any Chinese opposition at any harbor on the China coast and up the Yangtze as far as Hankow.

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When we narrow the field of military speculation to Manchuria the difference in Chinese and Japanese military strength becomes even more glaring. In this area the maximum Japanese forces are available for oversea operations. The Chinese armies, on the other hand, are strictly limited. For large bodies of men and for heavy shipments of munitions, the only avenue of entrance into Manchuria from China proper is along the littoral of the Gulf of Pechili; and at Shanhaikwan, where the mountains reach down to the coast, this route becomes a constricted gullet under the thumb of Japanese sea-power.

When hostilities flared up recently China's Manchurian armies were divided into three provincial groups, imperfectly coördinated and with only nominal unity of command. Chang Hsueh-liang, their commander-in-chief, had set up his headquarters outside of Manchuria, in Peiping. Early in September 1931, before the fighting began, the strengths and locations of his troops were as follows. The Liaoning (formerly Fengtien) troops, personal forces of Chang Hsueh-liang, had approximately 60,000 effectives in Manchuria. They were disposed for the most part in fairly large garrisons, notably at Taonan, Mukden and Chinchow. As might be expected, the center of gravity of this army lay between Mukden and the Great Wall, along the Peiping-Mukden railway. In and around Mukden were quartered some 15,000 men. The Kirin troops, followers of Chang Tso-hsiang, Chairman of that Province, amounted to approximately 70,000 men. Generally speaking, they were stationed at Kirin, Changchun, Harbin and along the eastern section of the Chinese Eastern Railway to the Siberian border. Wan Fu-lin's troops from the province of Heilungkiang, 24,000 strong, garrisoned the line of the Chinese Eastern Railway from Tsitsihar to Manchouli. Thus, excluding the distant troops in Jehol, the Chinese had in Manchuria some 154,000 soldiers, most of whom were remote from the zones where the fighting of September 19–22 took place.

Japanese regular forces in Manchuria at that time were organized into one division (the 2d), 7,000 strong, and railway guards numbering approximately 5,000 men. They were stationed along the South Manchuria Railway, with small concentrations at Changchun, Mukden, Liaoyang and in the Dairen-Port Arthur area. The Japanese garrison at Mukden was approximately 1,500 strong. In addition to these regular troops there were resident in Manchuria some 40,000 reservists, available upon call. There have been persistent rumors from Chinese sources that an appreciable number of these men were called to the colors.

Upon the outbreak of fighting at Mukden the Japanese immediately put into effect a definite military plan covering the whole zone of the South Manchuria Railway. In the early morning of September 19 three companies of Japanese troops, say 500 men, stormed the main Chinese barracks at Mukden and thrust the Chinese garrison, several thousand strong, away from the city. The Chinese city was occupied, as was the large Mukden arsenal. Almost simultaneously the 8,000 Chinese troops at Changchun, 180 miles away, were attacked and expelled from that city. The Japanese immediately instituted a rigid patrol of the whole South Manchuria Railway and began to push troops out along certain of its feeders. On September 19 they established a post at Hsinmintun, 35 miles from Mukden, on the Peiping-Mukden line. Two days later they occupied Kirin, 79 miles from Changchun, and on September 22 they

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reached Tunhua, 112 miles east of Kirin. Troops from Ssupingkai reached Chengchiatun, 50 miles west, on that same day and promptly sent advance forces to Taonan. To replace the units thus dispersed an infantry brigade reinforced with artillery was shipped in from Korea, so that the total of Japanese troops in Manchuria was brought approximately up to the treaty limit of 15,000. Serious fighting had been confined to Mukden and Changchun. Japanese casualties had been infinitesimal, and those of the Chinese had been small. It is estimated, however, that no less than 10,000 Chinese soldiers melted away from their units during the fighting and retreating.

The local results obtained by the Japanese in this three-day campaign can be summarized as follows:

1. The creation of a favorable strategic situation.
2. The establishment of complete military security for the South Manchuria Railway.
3. The establishment of physical and moral superiority over all Chinese troops engaged.
4. The dislocation of the local governmental system of Liaoning Province, probably including control of important bullion reserves.
5. The dislocation of the Manchurian munitionment system by the capture of the Mukden arsenal.
6. The protection of Japanese nationals, investments and property interests.

Of these considerations the first is most important from the standpoint of this article, namely the military standpoint. As already mentioned, Kirin and Tunhua were occupied by some 1,300 Japanese troops on September 21–22. The reason given publicly for this action was the protection of the lives and property of Japanese nationals in that region. This is a valid reason, in view of the heavy Korean immigration into the Chien Tao region of Manchuria and in view of the extreme popular tension already existing there. At the same time the action had important military implications. By making these dispositions the Japanese placed their forces in a wedge-shaped area, technically a salient, its base extending from Newchwang to the Korean-Siberian border, its apex at Changchun. Such a position is a very favorable one for an army contemplating offensive action. Its units can thrust forward or to either side at will. The Manchurian salient has certain drawbacks. Its communications are lopsided and close to its boundaries; there is no rail link between Tunhua and the Korean border; and its area is too large to be controlled effectively by the Japanese forces. On the other hand, its offensive potentialities are great. By a short move in force westward from Mukden or Ssupingkai the Japanese could interpose themselves between the Liaoning armies and the rest of the Chinese troops in Manchuria. By an advance from Changchun up the railway to Harbin, they could split the Heilungkiang and Kirin forces. Through quick positive action, then, the Japanese obtained a great strategic success. The Chinese armies in Manchuria were laid open to dismemberment and their opportunities for united effort definitely destroyed.

The initial operations of the Japanese in Manchuria were never wholly military in the classic sense of being directed at seeking out and destroying hostile armed forces. After the collapse of organized Chinese resistance in the

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first few days, political and economic factors occupied a larger and even dominating position in the picture. Consequently the best place to study subsequent operations is on a railway rather than on a topographic map. It is along the railways that the trade of Manchuria is canalized; and the railway towns are the major political centers. For example, the prompt garrisoning by the Japanese of Chengchiatun and Taonan, their activities toward the Nonni River, have an important military purpose in that they emphasize the severing of the Heilungkiang and Liaoning armies. But sight should not be lost of the fact that this occupation disrupted, even if only temporarily, the Chinese dream of a north-south railway line from North Manchuria to the sea at Hulutao.

When we say that the theater of operations in Manchuria is restricted to the zones of the railways that is another way of saying that military activities are confined to the plains and are only slightly affected by terrain considerations. Furthermore, this narrowing of the area of operations minimizes communications difficulties for both armies. They are seldom out of reach of a railhead.

Hostilities were commenced at the end of autumn. Winter in Manchuria is bitter. The freezing of the mud roads, with a resulting increase in mobility for wheeled transport, is of relative unimportance, since both sides depend primarily on rail transport for supply. Manchurian soldiers have frequently proved their ability to manœuvre and fight in sub-zero temperatures. While the Japanese as a race are more susceptible to extreme cold, in the Russo-Japanese War they won victories in Manchuria in the dead of winter. From the tactical viewpoint, frozen soil hampers the digging of trenches. This should be disadvantageous to the Chinese, who fight best when dug in and who on open ground, moreover, would be practically at the mercy of Japanese aviation attacks.

When Japan succeeded in imposing her strategic plan on the Chinese forces it became practically certain that large-scale warfare could be put out of the reckoning for the time being. This in turn implied the state of affairs already described, with operations confined to the zones of railways and with political and economic considerations assuming a dominant position in determining troop movements and contacts.

So far as can be seen at the moment of writing, a situation dictated by purely military considerations could be reëstablished in Manchuria only through formal large-scale intervention on the part of Russia. Such action, paradoxically enough, would tend to move the seat of war out of Manchuria. If hostile Russian masses could be concentrated at will along the Amur River they could drive into Manchuria and the Japanese enclave at points of their own choosing. The logical thing for Japan to do if she saw Russia preparing such a concentration would be to push forward aggressively beyond the junction of the Trans-Siberian and Chinese Eastern Railways, thus preventing the reinforcement of the two Russian corps on the Manchurian frontier, which now total some 50,000 men. This would imply the occupation of Chita and probably the establishment of a Japanese defensive front in the vicinity of Lake Baikal. Needless to say this would initiate for both Powers a struggle for national existence on the broadest possible scale.

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TEN YEARS OF THE IRISH FREE STATE

By Eoin MacNeill

FOR three centuries, from the reign of Elizabeth to the Famine Exodus, Irish history presents the gloomy picture of an unorganized nation, in Queen Victoria's words "quivering in the grasp" of a highly organized foreign government, every movement of resistance followed by a stroke of power which reduced the vitality of the people by weakening their economy. Patriotic sentiment reassured itself by glorying in the memory of those who had given or risked their lives in these successive conflicts, and by a sort of mystic belief in the nation's indestructibility.

Ireland's hour of opportunity came in the latter part of the year 1921.

My first knowledge of the terms of the Anglo-Irish Treaty of 1921 came with its publication. I was left in no doubt that the Treaty implied a great deal more than it expressly stated or than might be understood from it by one who had not followed in some degree the history of constitutional developments. During the ratification debate, on January 10, 1922, in the hope of removing misapprehensions and securing a wider agreement, I proposed that Dail Eireann, before proceeding to ratification, should adopt the following declaration: "That Dail Eireann affirms that Ireland is a sovereign nation, deriving its sovereignty in all respects from the will of the people of Ireland; that all the international relations of Ireland are governed on the part of Ireland by this sovereign status; and that all facilities and accommodations accorded by Ireland to another state or country are subject to the right of the Irish Government to take care that the liberty and well-being of the people of Ireland are not endangered." While this resolution was on the notice paper General Collins spoke to me about it, saying that it contained nothing that was not already implicit in the Treaty. That was also my view, but it was evident from the debate that there were others who were unable to grasp the implications of the Treaty and who might be reassured by a formal declaration. My resolution was opposed by Mr. De Valera, and so failed in its purpose, and I withdrew it. What I have said suffices to show that my view of the effect of the Treaty as regards national and

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international status was in accord with the interpretation of the principal Irish signatories.

This interpretation was made still more explicit in the Constitution, and was consequently accepted by the British Government and Parliament. The first article of the Constitution declares that "the Irish Free State is a *co-equal* member of the community of nations forming the British Commonwealth of Nations." The second article declares that "all powers of government and all authority legislative, executive and judicial in Ireland are derived from the people of Ireland and the same shall be exercized in the Irish Free State through the organizations established by or under and in accord with this Constitution." Article 1, in the word "co-equal," negatives any superior authority. Article 2 negatives any external authority.

The position thus achieved has been made more widely clear by the declarations of successive Imperial Conferences. It should be understood that the declarations of these Conferences are purely declaratory, not legislative. They serve the useful purpose of releasing matters of fact from misapprehensive controversy. Proposals were ventilated some time before the Imperial Conference of 1927, which, if they had been accepted, would possibly have tended towards erecting the Imperial Conference into an organ of superior constitutional legislation, a sort of super-state. Under such an arrangement, for example, New Zealand would have a voice, and possibly the determining voice, in deciding the national and international status of Canada, and vice versa; and the particular foreign relations of one or other state, even to questions of belligerency, might come to be decided in like manner. These proposals failed to germinate.

The only outstanding matter which, on the surface, appeared to conflict with the declared position of co-equality was the appellate jurisdiction of the British Privy Council. This jurisdiction is a survival in part of royal prerogative, in part of the older colonial position. The question as it affects Canada was the subject of an illuminating discussion in the Canadian House of Commons on July 1, 1931. Differences of opinion were shown to exist in Canada as to the desirability and practical expediency, from a Canadian standpoint, of maintaining the appellate jurisdiction, but the debate exhibited a clear consensus of opinion that the appellate jurisdiction could not now exist on the basis of any theory or tradition of superior judicial authority, or other-

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wise than by the free consent of Canada. The same is true as regards the Irish Free State, where it has been announced more than once on behalf of the government that the appellate jurisdiction of the British Privy Council can no longer be exercised. Now it has been almost a canon of British constitutional development that the fact of development has preceded its recognition in the theory of law and even in the theory of constitutional writers, so that actually the appellate jurisdiction of the Privy Council has ceased to exist. The case has special value in showing how, in these relations, underlying political facts may control apparently explicit provisions of law. Article 66 of the Free State Constitution, embodied in British as well as Irish legislation, lays down that, "The decision of the Supreme Court (of the Irish Free State) shall in all cases be final and conclusive and shall not be reviewed or capable of being reviewed by any other Court, Tribunal or Authority whatsoever: Provided that nothing in this Constitution shall impair the right of any person to petition His Majesty for special leave to appeal from the Supreme Court to His Majesty in Council or the right of His Majesty to grant such leave." The disappearance of this anomaly was naturally expedited by the fact that those who advocated its retention seemed to feel that it was more a mark of suzerainty than a safeguard of personal right.

It now becomes fitting to state the central fact conditioning the position of the states forming jointly "the British Commonwealth of Nations." In any governmental action, judicial, executive, or legislative, the terms "His Majesty" in official parlance or "the Crown" in ordinary political parlance signify the decision of the constitutional Ministers of State, presented traditionally and theoretically to the King in the guise of an advice. The sovereign authority of the British Parliament in the matter of legislation within its jurisdiction is unquestioned, yet every British statute professes to be "enacted by the King's Most Excellent Majesty, by and with the advice of the Lords Spiritual and Temporal and the Commons in Parliament assembled." In the case of each of the states of the "British Commonwealth" the "advice" upon which the Crown or His Majesty is said to act must proceed from the Ministers or Parliament of the State in and for which the action of the Crown is to have effect. It is this power of "advice" which makes the legal theory of co-equality operative in actual practice.

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From personal experience at Geneva and elsewhere I am aware that this position, in theory and practice, was not clear at the outset to some who regarded it from the standpoint of international jurisprudence or of international tradition. In theory, because on the whole the position was unprecedented, and international jurisprudence, having no basis in concrete legislative authority, is accustomed to have chief regard to precedents. In practice, because, until this position developed, "His Britannic Majesty" signified the British Government alone. The change in theory is now better and more widely appreciated. The change in practice has been exemplified by the exercise of the power of appointing diplomatic representatives and by the recognition of this power on the part of other states.

NATIONAL FINANCE

When the Free State came into being the control of finance passed into the hands of the Irish Government. It naturally took over the assets and liabilities of the British Government in the area of the Free State. Under Article 5 of the Treaty the proportionate liability of the Free State for the preëxisting National Debt of the United Kingdom (mainly the War Debt of 1914–1918) and for British war pensions, and the countervailing just claims of Ireland, were to be determined by agreement or arbitration. In 1925 the question was settled by the two governments. The Free State remained under no proportionate liability for the British National Debt, but remained liable for civil pensions payable in respect of service in Ireland. It also remained liable for interest and amortization of the undischarged part of moneys advanced under the Irish Land Purchase Acts, by which former tenants became proprietors. This liability, like that for pensions, diminishes every year and in the course of a generation will have ceased.

The change of government has involved no very revolutionary change in the methods of raising revenue. The tendency has been to increase the proportion of total revenue contributed by indirect taxation. A policy of selective protection has been adopted and has yielded considerable sums in protective duties. The rate of income tax has been reduced from six shillings in the pound to three shillings. Duties on tea, coffee and cocoa have been abolished, and the duty on sugar considerably reduced. Protective duties have been imposed on boots, clothing, woollens, furniture, butter, soap, candles and certain other goods.

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The revenue and expenditure figures for the last ten years are as follows:

Year	*Revenue*	*Expenditure*
1922–23	£27,863,030	£29,595,718
1923–24	31,414,255	38,687,006
1924–25	26,948,114	27,937,834
1925–26	25,439,097	26,693,488
1926–27	25,060,379	27,392,787
1927–28	24,123,270	26,180,831
1928–29	24,221,046	25,435,734
1929–30	24,172,639	25,072,711
1930–31	24,223,000	25,989,000

These figures are at first sight misleading, for in each year normal revenue actually exceeded normal expenditure. Deficits were incurred due to the fact that in each of these years there were included important outlays of an abnormal and non-recurrent nature which might quite properly have been met by borrowing. In the early years the heavy outlay on the army and funds for paying compensation for damages arising out of the civil war were included. In the later years came special expenditures of a constructive nature: the improvement of land, the reorganization of the agricultural industry and the relief of distress. The total amount of abnormal expenditure incurred since the setting up of the Free State has been roughly estimated at £39,000,000, and of this sum £23,500,000, or sixty percent, has been paid for out of current revenue.

It will be noticed that the taxation figures for the past four years have been almost stationary, indicating that a condition of equilibrium has been reached. A comparison with other small countries similar in economic structure to the Irish Free State is interesting (figures in pounds sterling):

	Free State 1927–28	*Netherlands 1926*	*Denmark 1927*	*Switzerland 1927*	*New Zealand 1928*
State Taxes	23,367,000	46,474,000	21,568,000	12,837,000	17,145,000
Local Taxes	4,909,000	19,130,000	20,729,000	19,795,000	6,123,000
Total Taxes	28,276,000	65,604,000	42,297,000	32,632,000	23,268,000
Taxation per capita	£9:3:6	£8:16:0	£12:6:3	£8:3:3	£16:2:5

When we analyze our public expenditure we find that an unusually large proportion of it is spent on education and social services. The following table of central government expenditures

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shows the percentage devoted to various purposes in several small countries:

	Irish Free State	*Denmark*	*Switzerland*	*New Zealand*
Defense	8.6	14.3	23.9	3.87
Old Age Pensions	11.0	24.0 (a)	5.65	10.2 (c)
Debt Service	6.5	(b)	39.19	39.1
Education	18.0	20.0	2.0	12.54
Agriculture	7.6	3.0	3.83	1.46
Trade and Industry	1.7	3.7	3.12	0.32
Pensions	8.7	3.5	1.58	4.6
Public Health	1.8		0.63	4.86
Social Insurance	1.5	6.0	3.41	(d)
Unemployment Relief	1.5		0.85	(d)
Other Social Welfare	0.6		0.42	(d)

(a) And other social allowances. (b) In 1927 the Danish Debt services were met by fresh borrowing. (c) And family allowances. (d) These services do not appear separately in official statistics.

Since the Free State was set up three long-term loans have been successfully raised. The first 5 percent National Loan of £10,000,000, issued at 95 in 1923, was subscribed wholly in the Free State. The second National Loan of £7,087,175, also at 5 percent, floated partly in New York, was issued at 97. The third Loan of £6,000,000, floated in 1930, was issued at 93½ on a 4½ percent basis. About the time the third loan was floated, Japan made one of 5½ percent at 90; New Zealand one of 5 percent at 99; India one of 6 percent at 99; and Germany one of 5½ percent at 90. In other words, the Free State's credit ranks so high that it can borrow on more favorable terms than the other countries referred to. The prices of the three loans on the Dublin Stock Exchange at the moment of writing are 103⅝, 106½ and 97¾ respectively. A savings certificate issue, first made in 1923, has also proved that the Free State's security is as firmly believed in by the small investor at home as by the bigger investor at home and abroad. Already investments in Irish Savings Certificates exceed ten and a half million pounds. The Free State's net burden of National Debt stands at the figure £15,274,000, which is considerably less than one year's revenue.

The results of the financial policy of the last ten years may be summed up under the following heads: a comparatively small public debt; comparatively low taxation; state services maintained and improved; large constructional works instituted; and a high standing of national credit. These results have been achieved notwithstanding the effects of several years of armed conflict before and after the Treaty, involving large destruction

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of property and economic apparatus, a succession of bad years for agriculture, and the reactions of world depression, especially in Great Britain, the main export market for Irish produce.

PUBLIC ADMINISTRATION

Many of those who were most active in bringing about the Irish Revolution had previously been engaged in the British Civil Service, in Irish county or municipal administration, in the legal and medical professions, or in other occupations of a general public bearing. This, along with a kind of national aptitude for organization, may explain how, almost without delay and in the midst of an armed internal conflict, a complete administrative system was established and began to function effectively.

It is needless to specify the details, for in its administrative structure the Irish Free State presents the same principal features that are familiar in other states. In certain departments a considerable reorganization was carried out, but the changes from the British régime were effected for the most part without grave inconvenience to the public. Perhaps the most singular feature of the revolution was that during actual hostilities, while the British Government suspended the operation of its own law, the revolutionaries declared a state of law and established courts to make it effective. Some of the present Supreme Court and High Court judges are men who, at the risk of their lives, presided over the courts of the Irish Republic.

The judicial administration of law has been reorganized throughout. The old courts of petty sessions and the justices of the peace, who were usually chosen from the gentry without regard for legal qualifications, have been replaced. The police system likewise has been completely remodelled. Unlike the former Royal Irish Constabulary, the new police force has no military character and is not armed with lethal weapons. There are instances of unusual crime and some glorification of terrorism, the morbid consequences of domestic and world-wide upheaval; but in general the country is crimeless and the prisons are sparsely inhabited.

ECONOMIC RECONSTRUCTION

How grave was the problem of national reconstruction that faced the Irish Free State may be brought home by a brief review of the statistics of population. Probably no other state

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of our time, old or new, has had to deal with so immense a difficulty of this sort.

In 1841 the population of the present Free State area was 6,528,799. In 1926 it was 2,971,992. The decline in population had gone on steadily, decade after decade, and had been accompanied by a decline in industrial occupations. Towns became villages, villages disappeared. The most fertile areas, such as Meath, suffered the greatest loss of population. This process, continued during three generations, produced inevitable effects in the popular mind and in the mind of those who directed the operations of business and the flow of capital. To refrain from enterprise and to despair of development became the highest economic and financial wisdom. It would be rash to suppose that any confident reaction has set in during the present period of world depression.

As regards emigration, we shall pass over the abnormal period that followed the famine years 1845–47. In the decade 1871–1880, deducting the figures of immigration, we find that the yearly exodus averaged a little over 50,000. During the Land War decade, 1881–1890, it rose above 60,000. In the decade 1891–1901 it fell to 40,000; in 1901–1910 to 26,000. War conditions, with governmental restriction and large movements of troops, make the figures for the succeeding decade of little service in comparison. Following the domestic upheaval, the emigration figure rose in 1925 and 1926 above 30,000. Since then it has steadily and rapidly declined: in 1927, to 27,148; in 1928, to 24,691; in 1929, to 20,802; in 1930, to 15,966. In the twelve months ending with May 1931 the net emigration was 8,615; in the last half of that period it was only 605. While the causes of this remarkable decrease are largely external, the fact remains that the outflow of the most vigorous section of the Irish population has virtually dried up for the first time in 85 years. Since there is an annual plurality of births over deaths, amounting to about 16,000, it is fairly certain that the population is today increasing.

As a result of the decline in industry in Ireland under the Union the proportion of the population engaged in industrial pursuits at the time of the Treaty was abnormally small. To adjust the balance between agriculture and industry by the encouragement of manufactures had become one of the national aspirations. The Free State Government adopted the policy of imposing protective tariffs in cases where full inquiry showed that the imposition of a tariff would lead to increased employment

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without a disproportionate rise in the cost of living. In 1927 a Tariff Commission was set up which examines and reports to the government on all applications for protection. As a result of this policy 120 new factories have been established and employment has been measurably increased.

In its protective policy the government has never lost sight of the predominance of the agricultural industry and has not favored the imposition of any tax on what might be styled the farmer's raw material. A large body of opinion, however, presses for more thoroughgoing protection and amongst other things advocates a tax on imported grain. The degree to which protection may be applied is, in this country as in others, a matter of constant political discussion and controversy.

The number of persons unemployed in the Irish Free State on July 1 in each of the past six years has been as follows: 1926—22,407; 1927—18,742; 1928—20,952; 1929—17,126; 1930—19,141; 1931—21,427. In interpreting these figures we must take several important factors into account. For one thing, in Ireland as elsewhere there has been a large increase of employment for women, chiefly in clerical occupations. Again, the emigration statistics, summarized above, imply that many who in former times would have sought employment outside of Ireland now remain in Ireland. Of these, a large proportion must be the sons and daughters of the "small farmer" class, belonging to families who work on their holdings of land. The extent to which such persons are economically occupied cannot easily be ascertained or expressed by statistical methods. The problem of their economic employment in Ireland is the problem of the development of rural industry.

AGRICULTURE

The Free State is predominantly an agricultural country. Its mild climate and fertile pastures make it eminently suited to stock-raising and dairy farming. It has at its doors a large industrial population to absorb its surplus produce. These facts are the basis of its present economic life.

Ten years ago the agricultural industry was going through a period of acute depression. During the Great War, when Ireland had a virtual monopoly of the British market and when food supplies were so vital to Great Britain, quantity had naturally enough become more important than quality. After the war, then,

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faced by renewed competition from overseas, Irish produce fell to a low place on the market. One of the government's first steps was to appoint a commission of inquiry into how to give Irish agriculture a sure basis for future expansion and prosperity. The commission's recommendations resulted in the passage of legislation providing for the raising of quality in all branches of agricultural produce. Acts providing for the grading, testing and marketing of eggs and dairy produce were introduced, with the result that Irish eggs have since then consistently occupied a foremost place on the British market, commanding higher prices, grade for grade, than any other imported eggs. Similarly, Irish creamery butter has regained its high reputation for quality. Its price on the English market, however, has been affected by the irregularity of its supply, due to the fact that winter dairying has not been extensively practiced in Ireland. As a stimulus to winter dairying a tariff has been put on imported butter. By assuring a remunerative price for milk in the home market progressive farmers should be induced to increase winter milk production.

The livestock trade, which is the biggest single branch of the export trade, was already in 1921 one of the country's greatest assets. The problem arising was to safeguard it and meet an intensified competition from abroad. In 1925 the Livestock Breeding Act was passed providing that no bull may be kept unless it has been licensed as suitable for breeding purposes. The elimination of inferior bulls has resulted in a marked improvement in the standard of the country's livestock and has led to proposals in other countries for similar legislation.

Ireland has long enjoyed a remunerative trade in bacon and hams. In recent years English restrictions against the importation of fresh meat from certain Continental countries where foot-and-mouth disease prevailed has afforded the Free State an opportunity of establishing a steady seasonal export trade in fresh pork in addition to the existing trade in bacon. During the last year the Livestock Breeding Act was made applicable to boars as well as bulls, and fresh legislation was introduced to secure the highest standards in all fresh meat exports.

Up to the middle of the last century Ireland was a grain-producing and grain-exporting country. The opening up of the great wheat-growing areas in North America and elsewhere dealt this business a severe blow. The area under grain crops, which in 1851 was 2,377,000 acres, had fallen in 1911 to 903,000 acres. By 1926

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it had declined to 825,000 acres. The government maintains that the present system of mixed stock-raising and dairy farming is best suited to the country and that in view of world competition and Irish climatic conditions the production of grain for sale is an unprofitable undertaking for Irish farmers. Its policy is to induce farmers to till more, not in order to sell more grain but to provide foodstuffs for their own livestock. In order to help farmers in the southeastern counties, which were formerly grain-growing districts, the sugar beet crop was introduced in 1925 by government aid and was readily taken up by the farming community.

The government's agricultural policy has not been carried through without opposition, and pleas for a protected home market for wheat and other cereals have often been heard. The advocates of this latter course, while admitting that it would only be possible inside a high tariff wall and with subsidies and guaranteed prices to the growers, argue that increased employment and independence of outside markets would compensate for the higher costs to the consumer.

The necessity for providing farmers with special credit facilities was recognized and met by the setting up in 1928 of the Agricultural Credit Corporation. Its function is to provide individual farmers, coöperative societies and agricultural enterprises generally with long-term loans. Under the old régime an annual grant of £559,011 was made for the relief of local rates on agricultural land. In 1925 this grant was doubled by the Free State Government. In May 1931 came an additional grant of £750,000. Considerable grants have also been made to secondary schools and to the University Colleges of Dublin and Cork for the development of agricultural education and research.

The policy of buying out landlords and converting the previous tenants into owners, subject to the payment of terminable annuities, began with the Ashbourne Act in 1887 and was developed in subsequent acts so that by the time the Free State came into being 11,550,000 acres of land had been vested in 354,000 tenants at a price of £110,500,000. There remained nearly 100,000 holdings to be dealt with, comprising approximately 3,000,000 acres at an estimated price of £20,000,000, as well as 1,000,000 acres of untenanted land. In 1923, under the Free State's first Land Act, 578,000 acres of tenanted land and 380,000 acres of untenanted land have been vested in the Land Commission. In the spring of 1931 a final land act was passed to speed up the work

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and by it all remaining tenants are vested as from either May 1 or November 1, 1931. The change now almost accomplished in the Irish agrarian system amounts to a social revolution. Half a century ago the land of Ireland was owned by a small class of landlords, largely resident out of Ireland and for the rest known by the accepted description of "England's faithful garrison" or by a synonym familiar to readers of American history, "the Loyalists." Today the same land is mainly the property of the descendants of those whom ancient hostility had dispossessed, and is in most cases the property of "small holders," worked by themselves and their families.

EDUCATION

The education policy of the Irish Free State has been based mainly on the principle of state aid rather than on the principle of state control. As Minister of Education in the first years of the Free State I entertained no doubt that to bring the whole direction of the education of the young under political control would be a more radical and penetrating form of state socialism than the political control of the material means of economic production and distribution. The first Minister of Education at the same time in Northern Ireland was Lord Londonderry, a leading Conservative politician in England and a leading opponent of the kind of socialism embodied in the policy of the Labor Government of Great Britain. In Northern Ireland, however, he adopted the policy of state control, with the result that his government has ever since been in continual conflict not only with the Catholics, always opposed to that policy, but with a large body of Protestant opinion which rejects the view that education is wholly and rightly a function of the state.

It is not a matter that can be simplified by doctrinaire phraseology. In practice, state aid cannot be given unconditionally, and its conditions must imply a greater or less degree of supervision or of guarantees. As regards the universities, there are two in the Irish Free State, the University of Dublin, established under Queen Elizabeth, and the National University, established in 1908. Both have received liberal financial aid from the Free State government. In general the view is taken that the constitution, personnel, and educational record of the universities furnish a sufficient guarantee for the proper use of such financial aid.

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Under the British régime, the secondary and primary schools were brought under a system of centralized official supervision as a condition of receiving financial aid. This supervision extended to program, time-table, examination and classification, and almost every detail of instruction and administration. The system has been modified in some respects but has not been superseded. It implies that the school, however managed, staffed, and administered, is less capable of understanding and serving the interests of its pupils and the community and is less trustworthy than a governmental department and its officials; further, that however excellent the record of schools and teachers may be, their danger of falling from grace is only to be averted by the regulations, prescriptions, and unwearied vigilance of a department of state. In a country economically dependent for the most part on its rural economy, the effects of British industrialism, Irish economic decay, and emigration, have combined to render Irish prosperity, especially Irish rural prosperity, the least considered object of education even in the schools of rural communities. The standard of success was not the betterment of the surrounding community but the degree in which education enabled a proportion of the pupils to become sharers and helpers in the prosperity of some distant city or country. Under the Free State administration some beginnings of reform, tending to give another direction to educational purpose, have been instituted, but it can hardly be said that the popular mind has yet been able to recover the idea of the school as a means towards local and thereby towards national well-being.

In one respect the educational policy and administration of the Irish Free State have been eminently successful. Practically everybody in Ireland is a declared adherent of this or that religious denomination. In no country have religious conflicts been more prolonged or entered more deeply into concerns of government, economic and cultural life, and above all education. Parents as a rule (and at present not less than at any former time), when choice is possible, choose for their children schools giving an education in accordance with their religious requirements. Almost without exception, then, the primary and secondary schools are recognized to belong to some religious denomination. The principle of state aid insures that any school which complies with the official regulations and submits to the official supervision is entitled to a proportionate share in the funds

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provided for education of its grade. It is fully recognized on all sides that the policy of the state has brought peace and satisfaction into what was formerly in Ireland, and is still in many countries, a field of contention.

As in matters of education, so in all other fields liberty and fair play for the adherents of all religious denominations is the desire of the people and the policy of the government. When the government proposed to establish a censorship against immoral publications certain literary circles in Ireland and in other countries proclaimed their fears that the functions of censorship might be abused. These functions have now been two years in operation and those who expressed fears about them beforehand appear to have forgotten all about the matter.

Elementary education, declared free to all by the Constitution, has been made compulsory for all by statute. In addition to the special grants to university colleges for agricultural education already mentioned, recent provision has been made for a general plan of vocational education. On the cultural side, grants have been made in encouragement of the arts, dramatic study, archaeology, the collection of national folklore, and similar pursuits.

Many observers and not a few domestic critics have found matter for discussion in the apparent antinomy of Free State policy: an unbending utilitarianism, exemplified in the Shannon Scheme and such matters as the regulation of livestock breeding, and, on the other hand, a no less obstinate adherence to idealistic and cultural aims, conspicuously in the case of the Irish language. There is in truth no opposition and no want of harmony between these two lines of national policy. If there be any error in the case it lies in the mental abstractions of those who, separating the life of material utilities from the life of culture and ideals, create a dialectical opposition and discord which do not actually exist.

CONCLUSION

My personal recollections of Irish public affairs go back to the beginnings of the Land League, to Davitt and Parnell, and the varying fortunes of the struggle for national autonomy. I saw the era during which government and the people were on opposite sides, and while I did not doubt the capacity of the Irish people to manage their own affairs I felt certain that the first ten years of

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self-government would be a time of unexampled difficulty and trial. I could not foresee that those ten years would also be a time of world-wide political unrest and of acute economic depression.

Looking back now on those ten years I feel that without indulging in idle boasting we can say that it is a matter of history that Ireland has come well out of the test. I do not ascribe the result to any small group of exceptional men, for high administrative capacity has been found among men newly raised to responsible positions in various departments of government. At the same time, a serious warning may be uttered against any flattering friendly voice which would represent the position of the Irish Free State as one of enviable success. Ireland has held on well in these years largely because, in comparison with her resources, her actual development stood on a low level. The storm that lays waste a rich crop of grain leaves a neighboring stretch of natural pasture unharmed. Other countries find their difficulty in maintaining a highly developed and highly organized economy in a wasted and debt-ridden economic world. Ireland's problem is to build up a normal economy from a lower plane. The task is made vastly more difficult by the adverse economic conditions of other countries. To find productive employment for the population of the towns, to introduce a healthy complexity into the monotony and almost barbarous simplicity of agricultural industry, to provide for a future in which population may again become normally proportioned to natural resources — this is a task which demands courage and tenacious purpose in administration, and in the people a change from the downgrade to the upgrade mentality. During the past ten years, the revenue of the Irish Free State has been heavily charged, as I have shown, with items of capital expenditure. The necessity for continued capital expenditure in the development of economic resources will continue to press heavily in years to come. No one doubts that the Irish Government has done wisely in seeking to establish a sound and stable basis of national credit. This, however, is no more than the first step in economic recovery and progress. The task of reconstruction still lies ahead. All the financial resources of the state, wisely husbanded and wisely expended, well be required to place it on the road to full achievement.

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RELIGION AND POLITICS IN ALSACE

By Edmond Vermeil

THE newspaper writer who pays a hasty visit to Alsace, whether he comes from France or another country, keeps to Strasbourg and the principal towns and avoids the rural districts. That is why the secret of the region escapes him, the secret which beyond a shadow of doubt lies hid in matters of language and religion.

Let us turn at the start, then, away from the beaten roads and make a brief examination of the Alsatian rural parish, which alone can give an understanding of what one may call Alsatian "confessionalism" in all its peculiar flavor, all its diffident narrowmindedness, all its pitiless localism. This confessionalism tends like everything Alsatian to cut itself off from the life of the outer world and to stand aloof in a separate unit, compact, circumscribed and humdrum.

In the family circle the Alsatian dialect, a German type, is the only means of communication. In church — the Lutheran Church — German prevails in the services, in the sermons, in the hymns, in everything. The generation now rising, taken as a whole, knows French; but no use is made of that language unless one happens to have French neighbors recently come from France, or unless one is going to France. Since in this respect Catholic circles do not differ greatly from Protestant circles, it at once becomes apparent that religion and the German language go hand in hand in Alsace. That does not mean that Alsace is German, or is irretrievably closed to French influence. But no impartial observer can fail to note that Alsatian religion necessarily has a German coloring, that religious life in Alsace cannot possibly be expected to conform exactly to what it is in France.

So to understand Alsace one should really become acquainted with those rural Catholic priests who have the majority of the country behind them, because after the exodus which followed on the war of 1870–71 they became the genuine and abiding leaders of the Alsatian masses; and with those unpretentious village pastors of the Protestants, who keep more or less to themselves, avoid the French element in the population — partly in mistrust, partly with chips on their shoulders — and, whether deliberately or not, shield their flocks from the language and cul-

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ture of the west, because they know only German themselves and want to retain all their influence over their parishioners. One should also see the Alsatian peasants, in general an orderly, prosperous folk, clean physically and morally, and infinitely hard-working. Men and women, boys and girls, all go to church on Sundays, allow themselves to be drawn unresisting into church organizations of all sorts, and rally uncritically to the political or ecclesiastical watchwords that are handed out to them. And then there are the industrial masses and the petty bourgeoisie, people of socialist or communist affiliations who, as is the case with the same classes across the Rhine, do not make their religious practices conform to the anti-religious policies of those parties. They go to church and to Communion just the same and send their children to parochial schools. Finally, it would be useful for the person who would understand Alsace to have some contact with the middle classes in the towns, solid people who crowd before the pulpits on Sundays to hear sermons preached in German and who attend with touching fidelity the numerous sacred concerts arranged for them by the churches.

II

One is confronted in Alsace with very humble realities. But those realities acquire a peculiar significance when the small territory which frames them is wedged in between two great national civilizations. The small district of Alsace is in fact the borderland between two conceptions of life and religion: on the one hand lies the Germanic church system in the form it assumed during the nineteenth century, with its Catholic phase and its Lutheran phase; on the other hand lies the religious world of the west, as exemplified in French Catholicism or in the French Reformed Church, the latter steeped in the Anglo-Saxon sectarian spirit. The antithesis between these two worlds corresponds to the rift which led to the World War. This fact must not be overlooked if one is to grasp the essence of the religious problem in Alsace.

Let us consider, for a moment, this contrast between the German Reformation and the French Reformation.

The German Reformation was inspired by a sort of mystical spirituality. It aimed at intensifying religious sentiment in the individual, but it was not particularly inclined to tamper with the structure of the Church. German Lutheranism remained in spirit quite close to the Mediæval Catholic Church; and German Cathol-

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icism, under pressure of the Reformation, Germanized itself, and became national in character. The German Reformation resulted principally in a shift in the relative position of church and state. In the Middle Ages the church had insisted on controlling the state. The Reformation meant, in this sphere, merely that the state was to become altogether sovereign and was in its turn to determine the religious and confessional destinies of its subjects. In all this conflict Germany remained faithful to the idea of enlightened despotism, under which the masses are led by constituted authorities and obey the watchwords provided for them. In Germany, Protestant forces and Catholic forces were more or less evenly balanced, and two great confessions issued from the original schism. But the Germans never lost the concept of religious unity, in the sense that they have always regarded the civil authority as one and the same with the religious authority. The application of this notion involved numberless incoherencies, and these in the course of German history have been surmounted by most complicated compromises. All through the nineteenth century, however, the German state followed a comprehensive policy, successfully bringing the different elements in religious Germany within the orbit of the national life at large as expressed in the state. Even the Constitution of Weimar has not altered this situation substantially. It gives the two great confessions the status of "corporations under public law," regards them as public utilities, and authorizes them to collect church taxes on the basis of the civil lists. Far from separating the spiritual and the temporal, Germany has held that one of the duties of the state is to Christianize civilization thoroughly. Since the crux of the whole matter lies in education, the German has had a temperamental faith in the principle that the state should teach religion; and the "confessional" school and the "mixed" school, both maintained by the state, have been logical consequences.

If we turn our eyes westward the view is altogether different. French Calvinism attacked the church structure, demanded freedom for the individual, equality of rights and, in the moral sphere, personal discipline. On this basis it was always free to absorb first humanism, then philosophical empiricism, and finally technical and scientific progress, and so to find its natural place in the "modern" world. The democratic, equalitarian philosophy of France developed side by side with Neo-Calvinism and found its enemy in Catholicism, which at all times stood opposed,

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throughout the French nation, to efforts at modernization. In France both culture and the state were secularized, the state conceiving of churches as free associations which do not directly concern it. The course of French history was to result in an alliance between French Catholicism and the Old Régime whereby the expansion of Calvinism was halted. Catholicism, therefore, did not find in France any rival faith capable of limiting its pretensions or accustoming it to the habit of compromise. It refused, accordingly, to tolerate political rationalism and equalitarian institutions. But it was only natural that when political rationalism and equalitarianism triumphed in the Third Republic they should have slight inclination to tolerate Catholicism. The Law of Separation was a combative enactment. The combat, in the light of French history, was legitimate. There had to be a choice between a centralized state and a centralized church. When the former won, the church was destined to fall to the level of an ordinary association, not even obtaining status as a public utility. State education became lay education, and the state claimed a monopoly of education. In principle, education was to remain neutral as regarded religion; but, in the fact, that neutrality could easily be violated.

Now these two contrasting and in many respects contrary conceptions of the respective relationship of church and state are at grips with one another in Alsace. Over a period of fifty years Alsace necessarily felt the influence of Bismarck's policies. Alsatian Catholicism, "Rhinized" already in part before 1870, drew constantly closer to the German Center and the German Church. Alsatian Lutheranism, while clinging faithfully to the historic traditions of Bucer, took its practical cues from German Lutheranism. Now Alsace is French again. How could she, whether Catholic or Lutheran, shake off such profound influences all at once, and without heartburnings, misunderstandings, conflicts? How is she to comport herself with reference to the two systems placed before her by history, the one western and French, the other Central European and German, the one radical, the other born of perpetual compromise?

III

At the outset one cannot fail to observe that Alsace is a sort of confessional island of strongly conservative tendencies, situated between two worlds which have evolved and been modernized,

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but in different ways. However one looks at the matter, Alsace is a laggard in the march of civilization: she has fallen behind the Germany of today, and even farther behind the France of today. Alsace clings to a system of religious and scholastic organization which France discarded many years ago, and which present-day Germany herself would not accept without far-reaching modifications.

From the sociological point of view, Alsatian Catholicism represents the popular masses who speak the Alsatian dialect. Long before 1870 those masses had noteworthy points of contact with Germany. As will be remembered, the Alsatian clergy resisted the "drive" made on the German language by Napoleon III. Hatred of the language of Voltaire, of the "land of irreligion," goes far back in Alsatian history, and on that point Alsatian Catholicism is at one with French Catholicism at large. We should note, furthermore, that even at that time the Alsatian clergy was fighting for its own prestige, for its own influence. If it had not as yet — before the rise of the German Center — organized any great and compact political party, it was already playing a considerable rôle in politics. It was already coming under German influence. That development which goes under the name of "Rhinization" was already under way — though this is not just the place to retrace the history of the tremendous revival in German Catholicism which took place early in the nineteenth century, resulting as early as 1848 in a shift in the center of gravity in favor of Rhineland Catholicism and at the expense of Austrian Catholicism.

In spite of this early "Rhinization," Alsatian Catholicism was prepared to protest with the utmost sincerity against annexation to Germany. It did not forget that France was almost entirely Catholic. It knew that the Prussian ferule, Protestant in animus, would be heavy. But on the other hand it did not choose to participate in the exodus which bore away the élite of Alsatian protest to France. The Catholic priest stuck to his post and thereby became the leader of those popular masses which were to see, not without some dismay, one national régime follow on another in Germany. Nothing obliged the priest to flatter the new authorities; on the other hand, nothing prevented him from soliciting electoral mandates. He showed himself supple and conciliatory down to the very moment of the *Kulturkampf;* and when that storm broke he was in a position to join forces with the Ger-

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man Center which was undergoing its first tests and sharpening its first blades.

This community of interests, this comradeship in action, constituted the fact that was new. Here the historic rôle played by Monsignor Raess, Bishop of Strasbourg, becomes clearly apparent. Raess had received most of his education in Germany and he had a marvellous acquaintance with Rhenish Catholicism. He raised no question as to the Treaty of Frankfurt. He stood with Windthorst, the leader of the German Center. In vain Bismarck himself let loose a first agitation for autonomy designed to pacify both the Catholics and the adherents of protest. The paradoxical outcome of the *Kulturkampf* was then in the offing. During Bismarck's last years and under William II, it was to be a question of reconciling, of "nationalizing," Alsatian Catholicism. The details are well-known: the foundation of the *Volksverein* and the *Augustinusverein;* the filling of Alsatian offices with Rhenish appointees; the weaving of many ties between German Catholicism and Alsatian Catholicism at the time when the French Law of Separation was being passed. A Catholic Faculty of Theology was established at Strasbourg in 1902. By that time the Alsatian Center was a reality. It borrowed its organization, its policies and its watchwords from the German Center. But with Wetterlé, as well as with Haegy, it kept its Alsatian character. It accustomed Catholic policy in Alsace-Lorraine to that strange mixture of religious activity and political activity which is the secret, so hard to grasp and so hard to define, of German Catholicism. By that very fact it fell into line with the policies of Pope Leo XIII in his struggle against modern "de-christianization." Although in emergencies it turned to the easiest solutions, its main objective was to maintain its traditional positions in Alsace.

The return of Alsace to France finds Alsatian Catholicism strongly intrenched. As ally or adversary it is redoubtable. The Alsatian Center has kept the tactics borrowed from the German Center, and the old confessional law based on the Concordat and on the existence of a rigorously confessional school. It has combined the German advantages, now a permanent possession, with the French advantages due to a tolerance explainable by natural enough reasons. The Alsatian *Centrum* today is a factor of great importance. It is a closely woven network of associations and activities of all sorts. It gives adequate expression to Alsatian confessionalism, and to the gregarious character of religious life in the

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district. It stands embodied in the rural parish and in the bonds linking one parish with another. Everywhere there are groups of men, of women, of boys and girls, all closely federated and all receiving their initial impulse from the clergy. That clergy is a body of practical men who keep in close touch with the interests of the masses. It sides neither with the conservatives of the Right, nor, despite appearances to the contrary, with the extremists of the Left. It has nothing to fear from socialists or communists, who are better churchgoers than anybody else. It realizes the dream of clericalism to perfection — the dream of a thoroughgoing alliance between the spiritual and temporal powers. The scale is small and local in character; but Catholic victories in the social field are matters of common knowledge. The Catholic clergy is in a position, therefore, to mobilize all Alsace at pleasure.

Against whom might such a mobilization be directed? Against any power that constitutes a threat to the authority, prestige and influence of that same clergy. And so, if circumstances should require, against the France which is freethinking and anti-clerical. If the requirements of such a struggle so demand, France will be depicted to the Alsatian peasantry as irreligious, amoral and "dechristianized."

Now it so happens that so-called "irreligious" France has herself set up the Alsatian clergy outside the French national picture, leaving it with its traditions and its powerful Germanic framework to sustain it. France did not feel inclined to force the Law of Separation and the lay school upon Alsace. Free as regards the Constitution of Weimar, since it is no longer part of the German Reich, Alsatian Catholicism is not less free as regards the French constitution. Situated between France and Germany, where, in principle at least, clergies are not paid by the state, the Catholic clergy of Alsace is paid by the French state. For the moment it has nothing to fear: neither separation, nor confiscation of properties, nor the free association, nor the "corporation under public law," nor the lay school such as prevails in France, nor the mixed school such as prevails in the neighboring state of Baden.

Consolidated in these positions, sure of a unique situation for long years to come, Alsatian Catholicism plays in Alsatian politics a pivotal rôle such as is played by the Center in Germany. On the other hand, as regards France, it is following a double policy which we shall now try to define.

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By virtue of its origins and its former connections with the German Center, and by virtue of a very tangible body of voters organized to the last man and following every campaign slogan implicitly, Alsatian Catholicism has, in very fact, all the traits of a *Centrum*. A classification of parties would reveal on the Left of the Alsatian Center communism and pure autonomism, elements with which it can flirt at pleasure without ever identifying its cause with theirs. On its Right one would find the socialism of the industrial workers, who are very "national" in outlook, and the Protestants and the petty-bourgeois who are likewise "national," though possessing scant influence. This situation makes possible a manœuvre that smacks of blackmail, and which might become very dangerous for the rest of Alsace. "If you do not yield to our demands," Catholics of the Center are saying to their local opponents, "we can move toward the Left, toward autonomism and communism, without for that matter breaking relations with certain Lutheran elements who feel as we do." In other words, autonomy, though not a definite program (probably it never can be), can at least be used as a scarecrow when so required. There is no doubt that this political situation is a very strong one.

Then, turning toward France, or rather toward the two Frances, the Alsatian Catholics will comport themselves as follows: As regards the France of the Left, the Alsatian Catholics will continue to ask it to bring its traditional policies to a halt and to tolerate in the bosom of the republic one and indivisible a heterogeneous body with its Concordat and its confessional school. Let this France suddenly appear to be the stronger, as was the case in the elections of 1924, and Catholic mobilization in Alsace will take place at once. Meantime the France of the Left is deprecated and insulted in all the Catholic papers in Alsace, in all Catholic sermons, in all conversations by Catholics — in every possible way, in short, and on every possible occasion. All the old saws of the propaganda conducted by Germany in Alsace before, during, and after the war are brought out and pressed into service. A young man who was long an associate of Father Haegy recently told me that that celebrated clergyman, a pupil of Monsignor Faulhaber with a decided bent toward German Catholicism, had nothing but supreme contempt for French thought and considered the country incapable of a real effort in philosophy or religion. If one were to collect and classify the things which, under the pro-

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tection of French officials who do not know German, are being circulated throughout Alsace in the columns of the *Elsässer Kurier* and the *Elsässer*, one would arrive at most distressing results. Between the France of the Left and the Alsatian Center the struggle is destined to be utterly implacable and merciless. There is no use disguising the fact.

But there is the other France, Catholic France, the France that had Separation inflicted upon it, adapted itself to that circumstance as best it could, and is now perfectly aware how much strength, what new vitality, it has derived from the two great trials it was called upon to face in the opening decades of the twentieth century — Separation, and the World War. This was the France that made the famous "promises" to Alsace. Now I find a number of French Catholics who are getting angry and raising a cry against the spirit of "Clericalism" emanating from the restored province. But Alsatian Catholicism is none the less resolved to go through with the second manœuvre on which it is relying in the confessional field. It was revealed to me recently, by one of the young leaders of political Catholicism in Alsace, who said: "If you want us to accept Separation, or the mixed school, work out some compromise! Make some concessions in France itself to the Catholicism which you have persecuted and which we, for our part, despise in proportion as it has shown a lack of backbone!" A concession in Alsace? Then a concession in France! *Do ut des!* It is not a question of France trying to win over Alsatian Catholicism. It is, on the contrary, a case where the Alsatian tail is bent on wagging the French dog, the Alsatian clergy being certain of its traditional strongholds.

It is wholly beside the point, therefore, to ask whether the Alsatian clergy and the rural masses which they govern are pro-French or pro-German. They are Alsatians first, last and all the time. They take advantage of every national régime that comes along and never give their hearts to any of them. What they want is the *status quo*. Let us not imagine that Alsatian Catholicism is grateful to France for having recognized certain of its privileges after the Germans had already done so. It should also be remembered that most of the young priests and young Catholics in Alsace fought during the war on the Eastern Front. They brought back a certain critical spirit — to use very mild language — which can be put to most admirable uses in defense of confessional interests. They look at the question as one of powers rather than of

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religion. Alsatian Catholicism with its autonomist wing and its national wing is hesitating. How could it make up its mind for or against France?

Whether one likes it or not, Alsatian Catholicism will not admit any more readily than German Catholicism the idea that is basic to the French system and to all western civilization — the idea that religion is a private matter and that the church, the religious community, is a "free association." Here we are on the frontier which separates the western from the Germanic world. Only some sort of compromise could solve the problem.

In each parish in Alsace this secret drama is bringing the spirit and manner of thinking expressed in the French language, French education and French culture, into conflict with a confessionalism of unique type, a social organism of very definite outlines, which is resolved to defend itself against everything that comes from the outer world, against anything that threatens to disintegrate it. It is a silent, implacable struggle between the democratic individualism of the west and a clerical tradition vividly conscious of its mission and its objectives.

IV

Alsatian Lutheranism and Alsatian Catholicism, in spite of their differences, have common interests to defend. Here again we find a trait connecting the district with the German Reich. But the Protestants in Alsace do not represent the same social elements as the Catholics. They are more bourgeois in character than their religious rivals in spite of the very considerable number of rural parishes under their control. And just as Alsatian Catholicism stands on the boundaries between Latin Catholicism and Germanic Catholicism, so Alsatian Protestantism stands between the two Reformations. It is a minority, unquestionably, but an important one.

Alsatian Protestantism comprises two distinct ecclesiastical organizations: the Confession of Augsburg, with 221 parishes, and the Reformed Church with 63 parishes — a preponderance, therefore, of the Lutheran element. This must not be taken to mean that the groups are hostile to each other. There is more or less intercourse between them, as is natural enough. One must make an exception of a certain number of old Lutheran pastors who are either indifferent toward everything French or suspicious of everything French, and who isolate themselves in an uncompro-

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mising sectarianism. Alsatian Protestantism presents the following division of views in regard to France: one, a liberal wing generously openminded to influences from the west and especially from France; two, a Lutheran element which is nevertheless friendly with the liberals in question and is not altogether insensible to French influences; three, an element uncompromisingly Lutheran which looks toward Germany. It would be unfair not to note, as regards the second of the above elements, that the Alsatian Church of the Confession of Augsburg has successfully maintained its own traditions, which go back to Bucer, and resisted pressure from the Prussian Church. The churches of the Confession use German rituals exclusively and Luther's Bible. But a number of the pastors are beginning to consent to religious instruction in French. Others, however, object to any preponderance of French in the elementary schools.

As regards Separation and the school problem, Alsatian Protestantism has stood divided. Official authorities have not concealed from the French Government the fact that they can hardly give their approval to the French law of 1906, and that, among other things, the Alsatian churches would lose their properties as a result of it. They have nevertheless declared their readiness to accede to some more liberal form of separation which would attenuate the severities of the French enactment on certain essential points. They ask, specifically, that Alsatian churches be given the right to tax their parishioners and the right to accept legacies. A resolution in this sense was actually adopted at a general convention of French Protestants held at Strasbourg in 1924, following a report presented by M. Raoul Allier.

But let us not forget that among the non-compromising pastors there are numerous groups who have assumed toward the French Separation and toward French secularism an attitude analogous to that of the Catholics; and let us not forget that in certain Protestant environments, urban as well as rural, an anti-French propaganda is rampant under the most dissembled and underhanded forms. It is apparent, for one thing, that the younger generation, and especially the students of Protestant theology, are none too favorably inclined toward France. The pastors, for their part, are often quite isolated from French influence. They owe their whole education, secular as well as religious, to Germany. They know only German well, and they can preach only in German. That fact alone condemns them to a sort of unhealthy "grouch." On the

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other hand it is true that many Protestants are aware in all sincerity that Separation will be less dangerous for the churches in Alsace than it was for those in France — barring the reservations indicated above — and that the test might be a most enlivening tonic.

As regards confessional schools, the Protestant churches seem as bent on maintaining them as are the Catholics. The pastors are inclined to see in religious teaching given in the primary schools by schoolteachers a most valuable ally. Children from the masses are already well prepared when they move on from public school to religious instruction. The latter course can then be completed in two years at the rate of two sessions a week. If the lay school became the rule, the pastors would have to take entire charge of religious education on one day in the week — Thursdays; and they would, they think, have to reorganize their Sunday-schools on the American model. I must also add that a number of Protestant parishes had introduced the inter-confessional or mixed school before the war; but as to the wisdom of this change opinions stand divided.

Taken as a whole, Alsatian Protestantism seems to be somewhat at sea. It cannot mould itself internally as Catholicism is able to do. In an absolute local autonomy of congregations it would undoubtedly languish. On the other hand, a complete or even widespread turning to France does not seem possible, as it would involve a break between the Reformed Church and the Lutherans. Before the war, large numbers of Alsatian Protestants were looking to the west for their inspiration. In the same way a large section of the Confession of Augsburg is today looking to Germany. All that Alsatian Protestantism can do is to endeavor to attenuate such conflicts, to act as a shock-absorber between the two Reformations, to study in all seriousness the compromises that must be made in the future. It cannot have a political party such as the Catholic Center. But it shows the same confessional spirit, the same trend toward self-contained groups, that feature Catholicism.

The Protestant as well as the Catholic is first, last and always "Alsatian," and his Alsace is a little, shut-in place, rather musty, where draughts of fresh air from the great world outside — appeals for new ideas, for an awakening to a sense of individuality broader and more creative than the good old-fashioned customs of discipline — are felt with alarm.

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And the conclusion?

If we consider Catholicism and Protestantism together on the Alsatian scene we find that the issue is not one of religious sentiment, nor even of religious liberty, *per se*. It revolves around a political-ecclesiastical system, hallowed by time and custom and certainly possessing its merits, on which the whole social edifice of the district has been grounded. Germany has retained the fundamental underpinnings of this system even in her new republican forms. The Anglo-Saxon countries have suppressed the system, but with moderation, and in such a way as to leave to religion an important part to play in social and public life. France alone — one must recognize — has gone to the logical limit of the western principle and identified religious organizations with free associations. In France, where public and political life and social and intellectual life had acquired a notable independence of religious realities, Separation provoked only a slight disturbance. In Alsace, where public life and confessional activity are one and the same thing, the shock would be severe and deep-reaching. That point must not be overlooked. We must proceed slowly and halt perhaps at some compromise.

Where, in fact, do we stand? I prefer not to return here to the question as to whether in the year 1919 the whole religious and educational system of France could have been introduced bodily into Alsace under cover of the memorable enthusiasm of those days. Those who hold that view remind me of the illusions which so many Frenchmen harbored as to the Rhine, and which left such a bad taste in so many mouths. The "promises of 1918" gave rise to an uneasiness in Alsace which very shortly found its tongue. In any event, no one any longer is thinking of applying French legislation as a whole to Alsace. On the other hand, the present situation is one of uncertainty. France is not willing to abandon forever her ideal of national homogeneity and she will never give any final pledges. It is just this uncertainty, the necessarily transitory character of all makeshifts, that exasperates the two Alsatian clergies and is encouraging the various types of resistance, especially that pitiable agitation which politicians are dignifying with the name of "autonomism." They are using and abusing French mistakes, French hesitations and the fluctuating character of French religious policy as exemplified in the tacit agreement with

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Catholicism under Millerand, then in the threat of assimilation during 1924 and 1925, which was not carried out, and finally in the policy of temporary neutrality under Poincaré. How could the Catholic pastors and the Lutheran pastors in Alsace be quiet under such circumstances, if the one thing in the world they want is "security?"

Is there to be neither the application nor the non-application of the French laws? Is there to be forever this same indecision, designed purely and simply to gain time? How can the attraction toward Germany, which is undoubtedly powerful in Alsace, fail of wide development under such circumstances? Priest and pastor alike in Alsace are afraid of being stripped of the prestige that accrues to them as respected public officials supported by the state. The progress of French in the primary schools is in their eyes tantamount to the progress of secularism. How can they help gazing fondly toward the German Rhine, where Catholicism is soaring on high and the Prussian Church clings to its reactionary traditions? Why should they not incline toward Bavaria, which has sabotaged the Weimar régime and gone over to the Concordat and a retrogressive school system? From all this it appears that the two Alsatian clergies are a ready prey to autonomism, and that in that fact lies a real danger to France.

Among recent proposals designed to clear up this uncertainty the following should be noted: 1. that the French Government has asserted on several occasions that the people of Alsace could keep their own religious and educational constitution *as long as they chose to do so*, provided they did not request assimilation by a majority vote — all of which amounts to setting up a sort of latent plebiscite in Alsace; 2. that certain individuals on the Alsatian Left who are partisans of secularism (the League for the Rights of Man) are demanding that lay populations be allowed to elect the lay school for themselves wherever that be possible; 3. that certain Alsatian Protestants seem to want a church tax similar to the one in vogue in Germany; 4. that certain Alsatians are asking for a referendum on the question of the Concordat — a referendum which, to avoid the excitement of popular votes every four years, would take place every twenty years; and as regards education, that they are asking for a modification of the French system, leaving teachers and pupils freedom of choice as to religious instruction offered in school.

Now what have we in all these vague and tentative proposals if

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not the essential lineaments of the confessional and educational system of Weimar? Here we find the principle of the popular referendum, liberty for parents and teachers, and the confessional school and lay school left to public discretion! Those things are all explicit in the Constitution of Weimar. In that case what becomes of the state's monopoly of education? Why this middle system for Alsace and not for France as a whole? And finally, why follow German principles without knowing it and without saying so? These are some of the questions that press for answers.

Can it be that the facts in Alsace, with the stamp which Bismarck's government left upon them, are bringing France in spite of herself to follow a policy inspired by Bismarck? Must this be the paradoxical conclusion to which we are forced at the end of this study? If Alsace is, like the German Reich, a complex of heterogeneous and disciplined groups, and if it must be *governed in German style*, where will it all end for France? As a result of the present uncertainty there may well spring up on Alsatian soil, like poisonous toadstools, vast numbers of petty and commonplace politicians, sure of wide publicity in view of the seriousness of the situation and the geographical position of their little country. That is the immediate danger. We know that the better heads among the rising generation are being beset by thousands of tempters working in the dark. Instead of normal French careers they are being offered successes of another and more noisy order. France needs a solid program of wide scope. If French legislation cannot be applied *in toto*, then a compromise must be found. Can one be found? Perhaps, in view of a prodigious movement operating today to oblige France and Germany to examine each other carefully and compare methods. In any event, earnest thought must be given to the matter. It is wise to take steps without delay to prevent Alsace from giving herself over body and soul to leaders unworthy of her. Demagogy is threatening on every hand. For that demagogy France must substitute order founded on authority and on clear thinking.

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THE TREATY-MAKING POWER

By Charles K. Burdick

THE treaty-making power did not figure as one of the major problems of the convention which drafted our national Constitution, nor of the state conventions which considered that instrument, though it was in each instance the subject of debate. During the years which have since elapsed the American public have often been deeply interested in the provisions of particular treaties, but have not appeared to be much concerned with the constitutional questions involved in their making and enforcement. However, these questions have from time to time stirred executive and legislative members of our government and those whose writings are directed to the constitutional field. Such persons have often held distinctly variant views as to the proper coöperation of President and Senate in the making of treaties. They have also differed as to the scope of the treaty-making power in relation to those powers of legislation granted to Congress by the Constitution and the necessity of coöperation by the House in putting treaty provisions into effect, as well as to the right of the federal government to deal by treaty with subjects which fall within the ordinary scope of the legislative powers reserved to the several States. Here are problems of government of much interest and of really great importance. It is worth while to consider the proper interpretation of the Constitution on these points, what the practices have been, and how our present system of treaty making is working.

On one point there has been unanimity of opinion from the days of the Continental Congress, namely, that the treaty-making power must reside solely in the national government. The Continental Congress had no express authorization to enter into treaties, but even before the Declaration of Independence it did not hesitate to assume that it was authorized to exercise this power by implication from its character as the only national organ which had been set up to deal with external affairs, and from its power to direct the war for independence. On June 12, 1776, it chose a committee to prepare a plan of treaties to be proposed to foreign Powers, and in 1778 treaties of commerce and alliance with France were ratified by the Congress, apparently without any thought of submitting them to the several States.

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The exercise of this power by Congress was later approved by the Supreme Court of the United States. Numerous other negotiations for treaties were undertaken by representatives of the Continental Congress though no others came to fruition before the adoption of the Articles of Confederation. These Articles, proposed in 1777 but not adopted until 1781, vested in Congress the exclusive right to enter into treaties. Following this established precedent, the Constitution, which was proposed by the convention of 1787, granted the treaty-making power to the national government, and expressly prohibited its exercise by the States.

The making of treaties is traditionally an executive function. In earlier days treaties were not infrequently the result of personal negotiations by kings and princes. Now in such a constitutional monarchy as that of Great Britain treaties are still negotiated and signed on behalf of the sovereign by representatives of the government of the day. They do not require the approval of Parliament in order to bind the state, but the practice is developing of allowing to Parliament an opportunity to discuss the terms of important international engagements before they are ratified.

The Continental Congress was a revolutionary body called together to conduct the struggle for independence being waged by the thirteen States. It did not attempt to legislate. The functions which it exercised were executive in character. It appointed Washington commander-in-chief of the army, it issued other military commissions as well as letters of marque and reprisal, it negotiated loans, it made requisitions upon the several States for men and money, and it negotiated treaties. The treaties with France, the only ones which became effective before the Articles of Confederation were adopted, were ratified by unanimous action of the Continental Congress.

The Articles of Confederation dealt at some length with the duties of the States themselves and with a machinery for arbitrating disputes between their citizens. They then provided for a Congress in which each State was to have one vote, and to which a very limited executive and legislative jurisdiction was granted. In apparent fear that even these limited powers would be abused, they provided that the important ones, both legislative and executive, including the making of treaties, should be exercised only by the assent of nine States, in other words, by two-thirds of the thirteen States represented in Congress.

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In the Constitutional Convention, it having been decided that the legislature should be bicameral, and that election to the Senate should be by the state legislatures and not by popular vote, the great battle was waged between the large and small States over the question whether the representation in this chamber should be proportional or whether the States should be equally represented. The delegates from the small States made equal representation a condition of their support of the Constitution, and won. In the Senate, then, we have a body which in its make-up closely resembles the Congress under the Articles of Confederation. It is not surprising that those who were fearful of a strong executive should have proposed that appointments and treaties should be made by the Senate. Finally, however, it was agreed to vest both the treaty-making and the appointing powers in the President, but only "by and with the advice and consent of the Senate." This participation by the Senate met with opposition on the part of some of the delegates who did not believe in thus assigning to one chamber of Congress both legislative and executive functions. On the other hand there were those who urged that, as treaties were to have the force of law, they should be approved by the House as well as the Senate before ratification. The supporters of participation by the Senate in treaty making disagreed as to whether approval should be evidenced by a majority vote, by a two-thirds vote of the whole body, following the model of Articles of Confederation, or by a two-thirds vote of those present, which would save such embarrassment as Congress had experienced under the Articles, when it was often found impossible to obtain the attendance of delegates from nine States. Finally it was voted to incorporate in the Constitution the provision that the President "shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present consent."

Political fears of that day undoubtedly had much to do with this adoption of the two-thirds rule. The proposal had already been made in Congress that we should abandon our claim to freedom of navigation of the Mississippi, a right which was dear to Virginia and the south and west. The inhabitants of these areas feared that this right might be bartered away through treaty by the States of the north and east if such action could be taken by majority vote. If this question had not been so prominent in 1787 it is possible that provision might have been made for the

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Senate's concurrence in treaty making, as well as in appointments, by a majority vote only, thus saving many a President from embarrassment in his negotiations with foreign countries.

There seems no question that the framers of the Constitution intended that the advice of the Senate should be taken on the terms of a treaty before these terms were agreed upon by the representatives of the contracting parties. Washington once tried meeting with the Senate to obtain their advice as to a treaty about to be negotiated, but this experiment was not repeated. Subsequently he frequently sent memoranda of proposed negotiations to that body for their consideration. This latter practice has been followed from time to time by other Presidents in order to get the Senate's advice in advance of treaty negotiations, but such instances constitute exceptions rather than the rule. It has not been found practicable for a body of the size and character of the Senate to give satisfactory consideration to the preliminary terms of a treaty, and to follow through the various steps of its negotiation. The early practice of submitting to the Senate the names of those who were to negotiate treaties was also abandoned after a quarter of a century. In most instances treaties have been negotiated by the Secretary of State, by one of our regular representatives abroad, or by some special agent representing the President personally. The appointment of such agents without confirmation by the Senate has been objected to by that body, but this has not affected executive practice. Generally the advice as well as the consent of the Senate is sought after the work of the negotiators is complete, although naturally the President or Secretary of State, during the course of negotiations, often consults the chairman or other members of the Senate's Committee on Foreign Relations. If the Senate has not been consulted before a treaty is signed, that body does not feel itself restricted merely to consenting or refusing to consent to its ratification. It may consent to the treaty; it may disapprove the whole instrument; it may withhold consent pending further negotiations which it advises; it may approve ratification upon condition that certain specified amendments are agreed to by the other contracting party; or it may consent to ratification of the treaty with express reservations as to the meaning of certain of its terms. If such interpretative reservations are not objected to by the other contracting party no further negotiations are required. But

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we have seen, in connection with presidential efforts to have the United States join the World Court, what diplomatic complications may be caused by senatorial reservations. The way of a President who seeks consent to the ratification of a treaty is indeed hard, if there is anything controversial in its subject matter or terms. He must obtain the votes of two-thirds of the Senators present, without such amendments or reservations as will defeat its purpose or meet with objection from the other government involved. Many a President and Secretary of State have found this a disheartening task.

Treaties are primarily agreements between two or more states, binding the governments of those states. Municipal law, on the other hand, incorporates rules of conduct for the individual within the state. Generally outside of the United States treaties are not held to affect the rights or duties of individuals. If a treaty is negotiated by the British Government as a result of which it is desired to impose duties or to confer rights upon individuals, an act of Parliament will be required to accomplish such purpose — the treaty, no matter how specific, will not serve that end. But how would such a doctrine operate in a union in which all control over international affairs is vested in the national government, while the States reserve to themselves large spheres of legislative action? State legislation might conflict with treaty obligations, and the national government might have no power to legislate on the subject in question. The State legislation would constitute the rule which would control individual action, and the national government would be reduced to the embarrassing necessity of attempting to explain the constitutional situation to the other parties to the treaty, and of begging the States to conform their legislation to treaty obligations so that the good faith of the nation might not be impugned. It is interesting that, though the Articles of Confederation contained no declaration as to the status of treaties made by Congress, the necessity of their having controlling force throughout the country was very strongly felt, and the view was widely expressed that they had the force of law by implication. This was the view of John Jay, the Secretary for Foreign Affairs, and was strongly expressed in a resolution adopted by Congress. The courts of several States held that state statutes in conflict with the treaty of peace were unenforceable. Though statutes in conflict with the treaty were

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repealed in a number of States, the opinion was expressed by Jefferson, when he was Secretary of State, and by others, that this was done only to prevent confusion and to take invalid laws off the books.

While the Continental Congress might assert the supremacy of treaties over state laws, and state courts might give effect to this view, the Articles of Confederation vested no power in the national government to enforce treaties as laws, and as laws superior to state statutes. To remedy this defect the Constitution laid down the express provisions that "all treaties made, or which shall be made under the authority of the United States, shall be the supreme law of the land," that "the judges in every State shall be bound thereby, anything in the constitution or laws of any State to the contrary notwithstanding," and that the jurisdiction of the federal courts shall extend to all cases arising under "treaties made, or which shall be made" under the authority of the United States. Some treaties entered into by the United States are mere agreements and do not deal with the rights or duties of individuals. Others, while contemplating the control of personal rights and duties, expressly provide that rules for that purpose shall be embodied in congressional legislation. Such treaties have not the character of law. But treaties which are framed to be self-executing, and which by their terms deal with the rights and duties of individuals, have the force of law. In so far as they conflict with state laws, state courts must give them effect and must hold the conflicting laws of the State invalid. Also, any question involving such a treaty may be taken into a federal court. As federal laws such treaties stand on the same footing as congressional statutes. A treaty will repeal an earlier statute with which it conflicts. By the same token a congressional statute which is in conflict with an earlier treaty will repeal such treaty so far as it constitutes law. However, in its character of an international agreement the treaty can only be abrogated by mutual agreement, and so such congressional repeal may from an international point of view constitute an embarrassing breach of a treaty obligation.

If the President, by and with the advice and consent of the Senate, two-thirds of those present concurring, has power to make treaties which have all the force of federal laws, being on a par with congressional statutes, and annulling conflicting provisions in the constitutions and laws of the States, it is of very great in-

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terest to consider the scope of this law-making power. It is a striking fact that no treaty has as yet been declared unconstitutional. It is also striking that in connection with the grant of the power to make treaties the Constitution embodies no restrictive terms or enumeration of subjects to be dealt with, as it does in granting to Congress the power of legislation. The President is given the power "to make treaties." That is all. And when the supreme law of the land is defined it is declared to consist of "this Constitution, and the laws of the United States which shall be made in pursuance thereof; and all treaties made, or which shall be made, under the authority of the United States."

Notwithstanding the broad language used in the Constitution there is probably no one who will assert that the power to make law by treaty is unlimited, and that no treaty could be declared unconstitutional. Those things which the federal government is absolutely forbidden by the Constitution to do at all it certainly cannot do through the provisions of a treaty. In this category are those prohibitions in Article One, Section Nine, against suspension of the writ of habeas corpus, against bills of attainder or *ex post facto* laws, capitation or other direct taxes not in proportion to the census, the granting of titles of nobility, and the giving of preference to the ports of one State over those of another — matters which, with the possible exception of the one last mentioned, can hardly be conceived of as subjects of treaties. Also in the category of those things which may not be done by treaty may be placed those acts which are forbidden to the federal government by the "bill of rights" contained in the first eight amendments, as well as by the Thirteenth Amendment which prohibits slavery, and the Fifteenth and Nineteenth Amendments which declare that the right of citizens of the United States to vote shall not be denied by the United States because of race, color or previous condition of servitude, or because of sex. Here again we have subjects which would not ordinarily find their place in any treaty.

It would seem equally true that affirmative self-executing provisions in the Constitution can no more be evaded by the treaty-making organs of the government than by the organs vested with legislative power. The Fourteenth Amendment declares that "all persons born . . . in the United States and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside." It would be equally unconstitutional to

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provide by statute or by treaty that children of aliens born in the United States and subject to the jurisdiction thereof should not have the status of citizens. By force of the Constitution itself such children are citizens of the United States at the instant of birth, and neither congressional act nor treaty can prevent the Constitution having such effect.

The form of government established by the Constitution is clearly intended by the terms of that instrument to be altered only by amendments adopted in the way there provided. It is therefore universally agreed that changes in the form of government as established by the Constitution could not be made by treaty. For instance, a treaty could not establish a unicameral legislature, or make foreign-born persons eligible to the presidency, or affect the original jurisdiction of the Supreme Court. But what President and Senate would think of negotiating or consenting to such a treaty? Here again we are dealing with issues which really have no practical significance. Let us now turn to certain ones which are more important and which are raised by treaties normally entered into by the United States.

Under our constitutional system there is a division of the field of legislation between Congress and the States. The federal Constitution gave Congress power to legislate on certain expressly enumerated subjects of national importance, and then empowered it "to make all laws which shall be necessary and proper for carrying into execution . . . all powers vested by this constitution in the government of the United States, or in any department or officer thereof." Congress is also given power to enforce the Thirteenth, Fourteenth, Fifteenth and Nineteenth Amendments, and the Eighteenth concurrently with the States. On the other hand it is provided in the Tenth Amendment that "the powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." Congress, then, has the legislative powers granted to it expressly or by reasonable implication by the Constitution, and the States have all other powers of legislation normally belonging to sovereign states and not denied to them.

Naturally there are interesting and difficult questions as to the limits of these fields of action, and as to their interplay. With these questions we are not here concerned. The problems which may concern us are those which have to do with the right of the

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President and Senate to make treaties having the force of law, and which deal with subjects within the sphere of legislative power delegated to Congress or with subjects within the sphere of legislative power reserved to the States. On each of these points there has been controversy. The House of Representatives and its committees have from time to time asserted a denial of the right to make treaties having the force of law dealing with subjects within the sphere of congressional legislation, and state authorities have periodically insisted that the treaty-making power cannot invade the fields reserved for state legislation. One can find writers in the field of constitutional law who have come to the support of each view, but when they have sought judicial sanction they have had to content themselves with meager dicta in early cases.

While the ordinary powers of legislation are divided by our Constitution between the national and state governments, all of the treaty-making power which the thirteen States had upon their declaration of independence, and which normally belongs to sovereign states, was granted by the Constitution to the President and Senate, with no enumeration and with no qualification, and all treaties made "under the authority of the United States" are declared to be the supreme law of the land. A sovereign state has by general custom the power to make treaties with other states with regard to any matter which is a proper subject of international agreement, that is, any matter which affects or concerns international relations. It would seem to follow, then, that our national government, through the President and Senate, should be able to enter into any treaty within the sphere of foreign relations, with the exceptions already considered, and that such treaty, if so framed as to be self-executing, will have the force of law even though the treaty deals with a matter which might also be the subject of congressional or state legislation.

This view has been attacked as inconsistent with the separation of powers intended by those who framed our Constitution. It is true that the first article of the Constitution opens with the declaration that "all legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives." It is equally true that Article Two opens with the statement that "the executive power shall be vested in a President of the United States of America," and that the first sentence of Article Three reads, "the judicial

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power of the United States shall be vested in one Supreme Court, and in such inferior courts as the Congress may from time to time ordain and establish." It was the purpose of the framers of the Constitution so to divide the powers of government that no branch should be able to usurp the essential functions of the others, but an absolute separation of executive, legislative, and judicial powers was not intended, as is shown by other constitutional provisions. The President shares in legislation. The Senate has part in the executive powers of appointment and treaty making. Impeachment trials are initiated by the House of Representatives and heard by the Senate. It is necessary that all parts of the Constitution should be harmonized. We must read the grant of legislative power to Congress with the grant of the treaty-making power to the President and Senate, and with the clear declaration that the "Constitution, and all laws made in pursuance thereof; and all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land."

Though it has been asserted broadly on behalf of the House of Representatives that treaties which deal with any subjects upon which Congress is authorized to legislate cannot have the force of law, the actual controversies between the President and the House have centered about treaties requiring the appropriation of money or affecting tariff regulations. Treaties have never been framed to appropriate money from the treasury by their own force, and it would seem that a treaty should not attempt to make such appropriation, in view of the provision contained in the article dealing with congressional powers to the effect that "no money shall be drawn from the treasury but in consequence of appropriations made by law." Here it would seem that law is used as a synonym for statute, and is not intended to include a treaty. What has really agitated the executive and legislative branches of our government in this field has been as to whether a treaty calling for the payment of money imposes a legal duty upon Congress to make the necessary appropriation, or whether Congress may exercise its discretion in the matter. Congress has insisted upon its discretionary right, but has made the necessary appropriations. The view taken by Congress would seem to be correct, but if one were to conclude otherwise there is no machinery by which a legal duty to appropriate money could be enforced. Perhaps it is also a fair reading of the Constitution as a whole that

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treaties having the effect of law are not to be made dealing with the raising of revenue, since the Constitution expressly provides that "all bills for raising revenue shall originate in the House of Representatives." Certainly as a practical matter the House has won its fight for this interpretation, and treaties dealing with matters of tariff are subject to congressional action.

Except for appropriations from the treasury of the United States and provisions for the raising of revenue, one can safely assert that treaties may be made having the force of law which deal with any subject upon which Congress may legislate, as long as this is at the same time an appropriate subject of international agreement. Among those subjects which fall within the concurrent powers of law-making by treaty and by congressional statute one may suggest immigration, extradition, the enforcement of prohibition upon foreign vessels within our waters, and the establishment of the status of the inhabitants of annexed territory. The Supreme Court has held that a federal statute repeals as law the provisions of an earlier treaty as to immigration, thus recognizing that the treaty did have the force of law in this field, and has declared that a later treaty dealing with immigration or extradition would repeal an earlier conflicting statute. The status of inhabitants of territory which we have acquired has been dealt with in the treaties of cession. Generally such treaties have not conferred citizenship upon the inhabitants whose allegiance is transferred, leaving that to be done, if at all, by congressional action, but Chief Justice Marshall declared of the treaty by which we got Florida that "this treaty is the law of the land, and admits the inhabitants of Florida to the enjoyment of the privileges, rights and immunities of the citizens of the United States." The present Chief Justice of the United States, as Secretary of State, negotiated several treaties the avowed purpose and effect of which were to repeal so much of the Volstead Act as applied to foreign vessels carrying intoxicating liquor into our harbors in cases where the liquor was not intended to be landed or sold within our jurisdiction. The constitutionality of these treaties has not been seriously questioned.

One may reasonably deduce from these examples a general power in the President and Senate to make law by treaty on any subject, except appropriations and the raising of money, upon which Congress may legislate, as long as that subject is also a matter of international concern.

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A recognition of a power vested in the President and Senate of law-making by treaty, which is concurrent with the law-making power of Congress, does not in any way oust Congress from the fields of legislation delegated to it by the Constitution, as is sometimes erroneously asserted. Congress may still legislate on all of the subjects within its delegated powers, and such legislation will repeal as law any earlier conflicting treaty provisions.

It is interesting to glance at the other side of the picture and to note that Congress has not hesitated itself to invade by joint resolution those fields normally reserved for treaty action, basing its right to act, not upon any express delegation of power, but upon a not too clear implication of authority. One such instance was the annexation of Hawaii, and the other was the declaration that we were at peace with Germany.

As a matter of fact the framers of treaties have been conservative in their use of the power to put international engagements in such form as to have the force of law. The practice of such restraint seems wise. It obviates a possible ground of jealousy and irritation between the House and the President. It may also prevent international embarrassment, which would be caused if a self-executing treaty were later repealed as law by congressional statute. In fact experience tends to support the wisdom of those who urged in the constitutional convention that, since treaties were to be part of the law of the land, they should be ratified only with the approval of both houses of Congress. It is probable that it would have been found easier to obtain support for treaties by a majority of both houses than it has been found to secure a two-thirds vote of the Senate, and with such a provision there would have been no ground for dissension between the President and the House as to the proper subject matters of international engagements. However, consideration today of any such change in the treaty-making power is purely academic, for two-thirds of the Senate would certainly not vote to surrender their highly prized control of international affairs.

Title and succession to property within a State, protection within its borders of health, safety, morals and the general welfare, and control of its natural resources, are wholly within the legislative power of the State itself so long as state action does not contravene constitutional limitations, such as those guaranteeing due process, equal protection and the inviolability of contracts,

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and so long as it does not unduly interfere with the exercise of national power, such as that over interstate and foreign commerce. These fields reserved to the States cannot be invaded by congressional legislation. But when we consider whether treaties can deal with subjects in these fields we must keep in mind again that, while legislative action is divided between the nation and the States, the whole treaty-making power is vested in the United States, and that treaties made "under the authority of the United States" are the supreme law of the land, "and that the judges in every State shall be bound thereby, anything in the constitution or laws of any State to the contrary notwithstanding." It would seem to follow from these provisions that treaties which deal with proper subjects of international agreement are law superior to any conflicting laws in the several States, though they deal with subjects upon which Congress could not legislate.

The reciprocal rights of the citizens of different countries within their respective territories are the most usual and appropriate subject of treaties. We are therefore not surprised to find the Supreme Court upholding the treaty right of aliens to hold or to succeed to property within a State, though the treaty in question conflicts with state legislation. The same tribunal held a state statute void which prohibited the issuance of pawnbrokers' licenses to aliens, in so far as it conflicted with the treaty right guaranteed to the Japanese to carry on trade in the United States on equal terms with United States citizens. State courts have held that tax laws which are in conflict with treaties are unenforceable. Twenty-five years ago, when Elihu Root was Secretary of State, a controversy arose as to the right of California to segregate Chinese and Japanese children for educational purposes. Mr. Root was clear that a treaty with Japan guaranteeing to citizens of Japan treatment equal to that given citizens of any other country would invalidate state legislation requiring Chinese and Japanese children to attend separate schools. The controversy was settled without court action.

Before the Eighteenth Amendment it was held that a treaty with an Indian tribe by which land was ceded and became part of the territory of a State might prohibit the introduction of liquor into such territory, and to that extent prevent state legislation on that subject within state territory.

Although each State has the right to legislate for the protection of fisheries in the waters within its territory, including the littoral

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strip of sea along its shores, and though Congress has no power to enact such legislation, the United States entered into a treaty with Great Britain for the regulation of the fisheries in waters along the international boundary line between the United States and Canada, the waters on the American side being within the jurisdiction of the riparian States. No question as to the validity of this treaty seems to have been raised.

Congress attempted by legislation to protect migratory birds. Such legislation was attacked as unconstitutional. The lower federal courts held it invalid on the ground that it did not fall within any of the powers delegated to Congress, and declared that each State would have to legislate for the protection of such birds within its own territory. Before the question of the validity of the federal statute was passed upon by the Supreme Court a treaty was negotiated and ratified between Great Britain and the United States by which the two contracting parties agreed to enact legislation for the protection of birds migrating between the United States and Canada. Legislation ancillary to this treaty was passed by Congress, which was substantially the same as the earlier federal statute. The Supreme Court upheld the treaty because it dealt with a proper subject of international agreement, even though that subject was not within the scope of the legislative powers delegated to Congress, but was within the ordinary field of state legislation. "No doubt," as Justice Holmes said in delivering the judgment of the court, "the great body of private relations usually fall within the control of the State, but a treaty may override its power." Then the court made clear the further very interesting fact that Congress, under its power to "make all laws which shall be necessary and proper for carrying into execution . . . all . . . powers vested by this Constitution in the Government of the United States," may pass laws to give effect to a valid treaty which it could not constitutionally pass in the absence of such treaty.

It does not follow from these examples of treaties which supersede state laws that the President and Senate can at will, by the negotiation of treaties, usurp the law-making power intended by the Constitution, and specifically by the Tenth Amendment, to be reserved to the States. A treaty is an international agreement, and must have for its subject a matter of international concern. A treaty which did not have such subject would be outside the scope of the treaty-making power, and would properly be held

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invalid as law under our Constitution. But within the fields appropriate to international agreement treaties which are self-executing in form will have the force of law and will annul all conflicting state laws, and treaties which are not self-executing will give validity to statutes passed by Congress, though the statutes in question could not be passed in the absence of such treaties. As Elihu Root has said of the power to make treaties, "so far as the real exercise of the power goes, there can be no question of State rights, because the Constitution itself, in the most explicit terms, has precluded the existence of any such question." Although there plainly exists the power to make laws by treaty which shall supersede state laws, the fear of undue interference by treaty with the internal management of the States seems a bogey which should not frighten any reasonable man. There is no likelihood that a treaty will be negotiated with another state which does not deal with a matter of important mutual, and therefore of international concern, and no executive officer will care to submit to the Senate for its critical consideration a treaty which has not real international significance. As a last line of defense the State always has the right to a determination by the Supreme Court of the question whether a treaty is an unconstitutional attempt to meddle with matters wholly internal, or whether its subject matter is really appropriate to an international agreement.

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MAKING THE COLLECTIVE MAN IN SOVIET RUSSIA

By William Henry Chamberlin

THE individual human personality is fighting a losing battle against heavy odds in Russia today. When one hears of state planning in the Soviet Union one usually thinks of factories, steel plants, large grain farms and cotton plantations, tractors and other accessories of industrialization. What is perhaps not generally realized is that man himself is the first and most important objective of Soviet planning and that the tendency to replace man, the individual, by collective man, the product of social groups and forces, is one of the most important and interesting currents in Soviet life.

Indeed the success which has been achieved in shaping the individual and placing a definite stamp upon him is perhaps greater up to the present time than the success in standardizing types of tractors or railroad equipment. The Soviet Union has certainly gone further than any other country has ever gone in building up a gigantic mechanism of social, economic, educational and propaganda forces which tend to repress many old aspects of human personality and to remold it in the image of Marx and Lenin. Of course even the strongest individuality does not exist in a vacuum, but is modified to a greater or lesser extent by the political, economic, social and intellectual atmosphere surrounding it. In the Soviet Union the balance which exists elsewhere between the claims of society and the autonomy of the individual has been heavily weighted in society's favor.

From the cradle to the grave the life and thought of the Soviet citizen are mapped out for him so far as external influences can be mobilized to achieve this end. The Soviet child about the age of eight is apt to join the Young Pioneers, an organization which numbers more than four million members and is steadily growing. From the moment when young Vasya and Sonya put on the red scarf that is the distinguishing sign of the Young Pioneer a process of intensive propaganda begins, of which a part consists in giving them definite tasks to do. Thus Young Pioneers are not only taught to disbelieve religion; they are encouraged at Christmas time to go around and convert those "backward" children who may still want to have Christmas trees and celebrate the

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holiday in the traditional manner. When harvest time comes one is apt to answer a knock on the door and find two or three children in red scarves, asking for grain sacks which somehow never seem to be furnished in sufficient quantity through ordinary channels.

No meeting of workers or employees for the election of delegates to the Soviet is complete unless a troop of Young Pioneers marches in and, through its leader, gravely announces its "nakaz," or set of instructions for the future Soviet delegates. The "nakaz" usually includes a point about closing more churches and turning them into Pioneer clubs or schools. When a "chistka," or purge, of Soviet institutions and offices is in progress it is not uncommon for a ten-year-old Pioneer to stand up, after some preliminary coaching, and solemnly denounce some middle-aged official or professor as a bureaucrat or a saboteur.

Fairy stories and even pictures of genuine animals, accompanied by jingling rhymes, are now frowned on; and children from an early age are supposed to concentrate on the problems of the Five Year Plan. Even toys are made with a view to turning children's ideas along definite lines; the following excerpt from a symposium on the proper kind of Soviet toys is quite typical: "Show the children malignant caricatures of tsars, capitalists, policemen, priests. Show them the faces of saboteurs, bureaucrats, private traders. Show them proletarians of Europe, America, Asia and Africa. And instead of carriages and phaetons we need toys that reflect our technical revolution: cranes, machines, tractors, motorcycles, automats."

That the intensive political training of the Young Pioneers tends to make them quite different both from pre-war Russian children and from children in other countries is quite generally testified. Karl Radek recently pointed out that the authority alike of parents and of teachers is thoroughly undermined under present conditions. If parents are not communist their Young Pioneer children are apt to look on them rather condescendingly as "politically backward." Even when this issue does not arise there are other factors that make for the disintegration of normal family life: the frequency of divorce, for instance, and the absorption of many active communists in their work to such a degree that little time is left for their children. As for the teachers, few of them, especially of the older generation, are communists; and the children, as Radek observes, knowing that the Party is the

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highest authority in the country, cannot have full respect for a teacher who is not identified with the Party. Under these circumstances the Young Pioneer "otryad," or troop, tends to become an important force in regulating the lives of its members. The ten-year-old who is indifferent or rebellious to a rebuke by parent or teacher may be greatly affected if his comrades in the troop, in solemn imitation of their elders, bring him before a "social court," consisting of themselves, and pass a resolution condemning him for loafing, hooliganism or some violation of the rules of conduct for Young Pioneers.

Of course not all Russian children are Young Pioneers. But almost all children in Russia now attend primary school, at least for three or four years; and the present school is almost as much of a forcing-ground for the inculcation of communist ideas as the Young Pioneer organization itself. Every teacher is obligated to give anti-religious instruction, not only in the classroom but through such media as excursions to anti-religious museums and the organization of atheistic skits, plays and carnivals. Then too a good dose of the Five Year Plan is inserted into every course of study, and a bust or picture of Lenin is to be found in almost every schoolroom. Children are politically propagandized in the schools from a very early age, even to the point of being pressed to vote approval for sentences of execution which are passed upon accused counter-revolutionaries and saboteurs.

From the Young Pioneers it is a natural upward step to membership in the Union of Communist Youth, an organization with a membership of more than four million young people between the ages of sixteen and twenty-three. Here the clay of human personality that has been given preliminary shape in the Pioneer stage is subjected to further and more vigorous psychological kneading. The khaki uniform and Sam Browne belt which Young Communists of both sexes wear are symbolic of the militantly active type of life which they are expected to lead. Not only is theoretical training in the teachings of Marx and Lenin intensified for the Young Communists; but they are given the most effective kind of propaganda, the propaganda of action, that finds expression in various ways. Sometimes groups of Young Communists, without their distinctive uniforms, will descend on a store, factory, office or public institution, take notes on any real or supposed cases of inefficiency or bureaucracy which they may discover and report their discoveries to higher authorities. This

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sort of informal inspection is called "a raid of the light cavalry." The Young Communist "yacheika," or local branch, is a power to be reckoned with in any higher school or university.

Young Communists are all bound to take military training; and anyone who fails to comply with this requirement is liable to expulsion from the organization. These four million fanatically ardent young people (for girls also take the military training) are a very important element in the huge trained civilian reserve which is steadily being built up for the regular Red Army. The Young Communist also has his duties on the so-called economic front. When a large new tractor plant was built at Stalingrad thousands of Young Communists were mobilized by their local organizations all over the country and sent there to work. One often reads of similar mobilizations for the "timber front" or the "coal front." Failure to comply with such an order, or unauthorized departure from the new place of work, are punishable with expulsion from the Union.

Now the passing of a large and increasing part of the Russian youth through the political school represented by the Young Pioneers and the Union of Communist Youth tends to shape, direct and repress the individual in various ways. First of all, the child from an early age is under collective or group influence. Then the whole channel of thought and action is marked out with a definitiveness and precision scarcely paralleled in any other country. There is short shrift for any kind of questioning or doubting. A Young Communist leader named Sten recently brought down a storm of criticism on his head by voicing the opinion that "every Young Communist must seriously work out all questions by his own experience and thus become convinced of the correctness of the general line of the Party." The official newspaper of the Union of Communist Youth read Sten a severe lecture and informed him that "his formula is at best the formula of a petty-bourgeois revolutionary individualist, not the formula of a Bolshevik. Sten's Young Communist is some sort of critically thinking personality, who has no concern with the collective experience of the Party." The sort of individuality that finds expression in a "critically thinking personality" is decidedly not in favor in the Soviet Union today. The human type which is wanted is a sort of gramophone which plays without a hitch the records that are placed on it.

The tremendous pressure of "obshestvennost," which might

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be loosely translated as organized public opinion, does not slacken when the Soviet citizen grows out of the Communist Youth age and takes up his regular work in life. True, the proportion of the adult population enrolled in the Communist Party and subject to its severe discipline is much smaller than the percentage of young people who wear the red scarf of the Young Pioneers or the khaki uniform of the Young Communist. But other agencies, such as the trade-unions, which were rather aptly described by Lenin as "schools of communism," continue the work of molding individuality and repressing it when it comes into conflict with the supposed interests of the social organism as a whole. Thus if our Soviet citizen goes to work in a factory he will be under strong pressure to join a "shock brigade," which may mean that he will be obligated to work overtime, to increase productivity without demanding higher wages, to remain at his post until the Five Year Plan is finished, even though he may hear of more attractive work elsewhere, and so on. If he is an engineer and is sent to an uncomfortable post he will have difficulty in declining the appointment. Some group organization, most probably his trade-union, will report and denounce him as "a deserter from the industrial front" and do its best to make him an outcast.

Moreover, it is difficult for anyone living outside of Russia to understand the tremendous machinery for the regimentation of the individual which exists when every agency of information and entertainment — the press, the radio, the drama, the motion-picture — is centrally controlled for the purpose of making people communistically minded. Compared with this gigantic state monopoly of all the main forces that contribute to the making of ideas the most elaborate schemes of governmental propaganda and private advertising in other countries seem very puny.

When the Soviet citizen picks up his newspaper, no matter which one it may be or whether it is published in Moscow, Kharkov, Tiflis or Vladivostok, and no matter whether it is printed in Russian, Ukrainian, German, Tatar or any one of the other numerous languages of the Soviet Union, he gets precisely the same picture of political and economic events, often expressed in virtually identical phraseology. The outside world is represented as writhing in the throes of a hopeless crisis, with widespread hunger and unemployment and communist revolution as the sole way of salvation, while the Soviet Union is depicted as living through an era of unprecedented prosperity, tempered perhaps by

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a few prosaic difficulties in such matters as supply with food and clothing, housing shortage, overcrowded trains and street-cars, all difficulties, however, of growth, which will soon be victoriously overcome by the creative energy of the proletariat under the direction of its leader, the Leninist Communist Party.

The Soviet press has a number of stock methods of suggestive reporting. Whenever a new state loan is issued (and subscriptions to such loans, while nominally free, actually are virtually compulsory for workers and employees, as a result of the social pressure which is placed on them by trade-unions) it is always "in response to the overwhelming demand of the workers." When an ardent shock brigade member, trying to speed up the other workers, is beaten or killed his assailant is almost always described as a drunkard, a hooligan and, as a final damning trait, of kulak origin. Any international dispute in which the Soviet Government may become involved or any trial of persons accused of treason or sabotage is always the occasion for a vast outpouring of very similarly worded resolutions from factories, institutions and organizations, all expressing their support of the government, their detestation of the persons on trial and pledging the signers to work harder as a response to the incident in question.

The radio, which is entirely under state or public control, broadcasts a vast amount of political agitation and economic exposition. The Soviet citizen cannot escape from the Five Year Plan by going to a new play, which in most cases will be a dramatized story of the building of some new enterprise, or by going to the motion-picture theater, where the newsreel certainly and the film quite probably will be full of excavators, cranes, pulleys and blast-furnaces. Even concerts are often accompanied by short explanatory lectures in which the class origin of the composer is analyzed and his music is discussed as reflecting both his origin, whatever it may be, and the general historical problems of his time. Amateur theatricals, of which the Russians are enormously fond, represent still another means of influencing sentiment. There are now 120,000 circles under the central direction of the so-called "Theater of Self-Activity." The members of these circles are not professional actors, but workers, employees and peasants, who put on plays and skits in the factory or village club in their spare time. The themes for these amateur plays and playlets are carefully worked out in the center and are, of course, designed to stimulate enthusiasm for Soviet policies.

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So the individual personality is attacked from every side by forces which are all controlled from a common center and which are working in accordance with a prearranged plan to remake the traditional human individualist into a collective man, a citizen of the future communist society. Of course character in every country is shaped by a variety of institutions — home, school, church, books, radio, newspaper, and so on — and critics sometimes see in modern industrialism a potent and even sinister force for the standardization of tastes, habits and thoughts. But there can be no convincing analogy between the loose, jarring and sometimes conflicting influences which operate for the creation of personality in most countries and the closeknit, intense concentration of effort upon the production of a definite type of citizen which goes on today in the Soviet Union.

The idea given expression in the blunt phrase "None of your business" finds little toleration in the Soviet Union. There almost everything is almost everybody's business, as witness the numerous groups of people who go about inspecting, warning, reprimanding, purging institutions and organizations. A typical Soviet practice in this connection is the so-called "chistka," or purge, carried out periodically both among the members of the Communist Party and among employees of state institutions. The purging of a state institution is carried out under the supervision of a commission appointed by the Commissariat for Workers' and Peasants' Inspection, which is a sort of supreme state department of audit, inspection and control. The commission hears evidence from employees about the conduct and efficiency of their colleagues and holds public purges of those individuals whose behavior has given occasion for suspicion. The commission may inflict penalties ranging from complete debarment from state employment for serious offenders to dismissal from the particular post, without prejudice to future employment. So-called workers' brigades, usually recruited from the more active communists and members of the Union of Communist Youth sometimes inspect the work of libraries, hospitals, museums and other institutions. The wall newspaper which is typewritten or written out by hand and posted up in every large factory or office is also a vehicle of criticizing individuals who are accused of not fulfilling their duties.

A little incident which I recently witnessed on a Moscow streetcar illustrates the difference between the Russian and the foreign

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attitude toward personal criticism. An American woman was getting on the car with her little daughter and a Russian workman, who had perhaps participated in a commission which told some professor or physician how his library or hospital ought to be run, offered criticism of the way in which the child had been lifted onto the car. The American woman knew enough Russian to tell him rather tartly that it was none of his business. An expression of sheer blank and hurt incomprehension came over the Russian proletarian's face. "How? None of my business?" he stammered.

Still another important way in which old individualist ideas of possession and privacy are being designedly supplanted is seen in the architectural blueprints for the new "socialist cities" which are growing up in various parts of Russia as the building of huge new plants creates new centers of population. Some of these socialist cities, like Stalingrad and Cheliabinsk, are additions to old towns; others, like Magnitogorsk and the new town which is growing up in the neighborhood of the great hydro-electric power plant on the River Dneiper, are built almost to order. In the apartment-houses which are constructed in these cities comparatively little space is reserved for individual dwelling quarters; and the cottage type of house, designed for one or two families, is frowned on. On the other hand, lavish appropriation is made for communal buildings: common dining-rooms, mechanized laundries, clubs, reading-rooms, nurseries, kindergartens. Soviet city planners are projecting not only new houses but new people whose group interests will predominate over their individual interests as a direct result of the living quarters in which they will be placed.

In the field of economic enterprise the individual has received blow after blow. The big prizes which the capitalist system offers to a restricted number of people, ownership or part ownership of a bank, a railroad, a big industrial or commercial corporation, have been abolished in Russia ever since the revolution, which transferred to the state the title to the large industries, the transportation and banking systems, along with monopolistic control of foreign trade. And during recent years the smaller individual prizes which in most countries are vouchsafed to the doctor or lawyer who builds up a large practice, to the farmer who adds steadily to his acres and his stock, to the mechanic who develops into a small businessman, have been all but entirely swept away.

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The wages of thrift, industry and commercial shrewdness for the more prosperous peasants, the so-called kulaks, have been "liquidation as a class," *i. e.*, expulsion from their homes and confiscation of their property; and the absorption of over half the peasant homesteads into collective farms during the last two years heralds the disappearance in Russia of a world-wide bulwark of economic individualism: the independent peasant-proprietor.

"The butcher, the baker, the candlestickmaker" of the nursery rhyme, such craftsmen as shoemakers, tailors, barbers and locksmiths are also being pulled into the collectivist net. They are under strong economic pressure to give up their little separate businesses and to band together in so-called cartels, or coöperative groups, where each member receives a definite wage. Private legal practice has almost completely ceased; lawyers, as a general rule, are enrolled in associations and are assigned in rotation to such cases as arise in the courts. The same tendency is visible in medical practice, although some of the older doctors and dentists with established reputations still carry on private practice, usually combining it with work in some state hospital. The younger doctor is almost invariably a state employee, with a definite salary, attached to a hospital or assigned in rotation to treat cases which may arise in homes. A further curtailment of the economic enterprise of the individual may be seen in the regulations which, combined with social pressure, make it difficult if not impossible for a worker or employee to move from one place of employment to another without the consent of the director of his enterprise. Workers in factories are urged to sign pledges not to leave until the end of the Five Year Plan; and an engineer or specialist of any kind who leaves a post without permission may be blacklisted and barred from further employment.

Communists, of course, would contend that their present system is not merely one of restrictions and deprivations. It may be true, they say, that wealth, even very modest wealth, is not attainable for the individual under present Soviet conditions; but the specter of unemployment is also banished. While the present standard of living is low for everyone, lower in proportion for the professional classes than for manual workers, there is the hope that it will rise steadily after the first rough construction jobs of the Five Year Plan are finished. As a substitute for the acquisition of individual wealth there is an effort to find socialist stimuli for

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productivity in the shape of public honoring of the best "shock brigade workers" through publication of their names and pictures in the newspapers and by giving them the title of Heroes of Labor.

Moreover, it is important to bear in mind that the communists themselves realize that the time is still far off when people will give their best services merely in return for the satisfaction of benefiting the community. Curious and even paradoxical as it may seem, during the very period when the wiping out of the individual *entrepreneur* even of the smallest type — the peasant with three horses and a farm of a hundred acres, the corner barber, the trader with a small shop — has gone ahead most rigorously, the insistence upon the necessity for piecework methods of payment in state enterprises and collective farms has increased.

I recently remarked jokingly to a communist acquaintance that the whole process of liquidating the kulaks as a class would have been in vain if, under piecework methods of payment, new classes would spring up among the peasants in the collective farms ranging from those who would be relatively well-to-do as a result of earning high piecework rates to those who would be poor because they would receive little pay for slovenly and indifferent work. "Ah," he replied, "but differences of wealth in such cases will not grow out of the exploitation of one man by another. The peasant who earns more money in the collective farm will not be able to buy land and machinery and to increase his wealth by utilizing the labor of others." This reflects the present dominant communist view that original economic sin is expressed not in varying wage and salary scales and standards of living but in the use of capital by one man to employ, or in communist phraseology to exploit, others.

One last sanctuary of the individual personality, artistic creation, has recently been ruthlessly invaded in Soviet Russia. Pegasus has been firmly hitched to the chariot of the Five Year Plan. The present tendency is not to encourage free flights of individual creative fancy, but to regiment art in all its forms and to place before it definitely propagandist objectives. The contrast with the situation of a few years ago is very marked. There has always been a strict political censorship in the Soviet Union; but from 1922 until 1928 or 1929 authors and playwrights were given a fairly wide scope in their choice of themes. There was a school of so-called proletarian writers who wrote the slogans of class war, but there was also a group of "poputchiki," or "travel-

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ling companions," who often stood aloof from political and economic questions, eschewed moralizing along communist lines, and concerned themselves with problems of individual character and psychology.

Now there has been a great shift of emphasis. It is perhaps most clearly reflected in drama, where an extraordinarily high percentage of the new plays of the last two seasons conform to a rather narrow and simple pattern, something as follows. An effort is being made to build a new factory, or to step up production in one which already exists. There are difficulties in the path; some of the newly recruited workers grumble about physical hardships; a counter-revolutionary engineer usually is cast for the villain's rôle and plots sabotage. But in the end the enthusiasm of the workers, under communist leadership, sweeps all before it; the program is carried out in record time; the "internationale" blares out as the symbol of the invariably happy ending. There are probably a score of new plays which would conform to this formula with minor variations, while new Russian dramas based on historical or personal psychological themes have been extremely uncommon in the last two seasons. Even the Kamerny Theater, long a stronghold of æstheticism in dramatic art, has fallen in line with the new tendencies, and its director, Alexander Tairov, quite correctly described one of the Theater's new plays, "The Line of Fire," as "the victorious building of socialism, the industrialization of the Soviet land, the electrification of the Soviet Union, cultural revolution and socialist reconstruction of human psychology." This transformation of the Soviet theater is partly but by no means entirely explained by a tightening of the censorship, which has found perhaps its most visible expression in the banishing from the stage of the satirical comedies of Mikhail Bulgakov, whose mordant wit at its best had a suggestion of Gogol. Bulgakov disappeared from the stage just about the time, early in 1929, when the clamor for "art in the service of the Five Year Plan" became very insistent.

More important probably than the negative influence of the censorship is the direct and intensive effort to mold the temperament and forms of expression both of authors and producers. The *Vapp*, or All-Union Association of Proletarian Writers, is perhaps the most active of several organizations which are quick to pounce on any taint of heresy in a new book or play. The subordination of the autonomy of the theatrical producer to

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social control, and of æsthetic to political considerations, is vividly reflected in the following instructions which one of the Moscow district committees of the Communist Party gave to the communists engaged in the Vakhtangov Theater: "Decisively and consistently to turn the theater in the direction of artistic reflection of the problems of socialist construction, struggle of the proletariat for the Five Year Plan in four years, cultural revolution, problems of struggle for the mastery of technique, questions of the international struggle of the proletariat and of the defense of the Soviet Union."

The same sort of regimentation affects painters and sculptors. With the disappearance of the well-to-do private purchaser these artists have become dependent on state, trade-union and other public patronage, and many, especially of the younger painters, sculptors and engravers, are attached to institutions which pay them salaries and instruct them as to just what subjects they shall depict. Last year 347 artists were sent into industrial regions and large state and collective farms, and commissioned to paint scenes of new Soviet life. Employing the economic phraseology is habitual in Russia in discussing literature, art and drama, the newspaper *Soviet Art* complains that "the artists did not receive from their organizations definite production assignments," with the result that "we had unsatisfactory production." The *Rabis*, the artists' trade-union, has now decreed that "the sending of artists must be carried out in strict accordance with production plans, and every artist must receive a definite concrete assignment as regards production and theme, linked up with proposed exhibitions, as for instance, 'For the strengthening of the defensive capacity of the Soviet Union,' 'The Storm of the Second Five Year Plan,' etc." It would not seem that under this system much scope is left for caprices of the artistic temperament.

"Art organizes thought. And, as it formerly served the priesthood, the feudal classes and the bourgeoisie, so in the Soviet Union it must serve the proletariat." This statement, made to the author by Mr. Felix Kon, head of the Arts Department of the Commissariat for Education, sums up concisely the communist view of the function of art.

A parallel process is to be observed in the field of science. There is now no toleration for the idea that science should be divorced from politics. Classes in Marxian theory and dialectic materialism are instituted for greybearded professors. There is a strong

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tendency to give preference to utilitarian and applied as against pure science. Quite typical of the effort to bring into the field of scientific research the element of class struggle that communists see in every branch of intellectual life was a recent decision of the Leningrad Academy of Sciences to study not "remnants of patriarchal life," but "remnants of patriarchal life as a weapon of class struggle and an obstacle to socialist construction."

The Tsarist censorship was probably the strictest in Europe. Yet it is doubtful whether anyone who reads the Russian classics — Dostoevsky, Tolstoy, Turgeniev, Gogol — would derive from them any idea that the Tsarist régime was a desirable or admirable one. On the other hand, emphasis on the desirability of the communist social order, on the necessity for struggling for its ideals, certainly permeates a considerable portion of contemporary Soviet literature. The Tsarist censorship was purely negative in its operation. So long as an author did not advocate "dangerous thoughts" he could be neutral or indifferent in his attitude toward politics. Neutrality or indifference is not enough today.

So the machinery for the forging of the new type of collective man is functioning at full speed. It includes almost every external influence that may touch or affect the development of a human personality, from the song taught to an eight-year-old Young Pioneer to the book or play or newspaper that attracts the attention of an adult man. Of course human clay is malleable in varying degrees. The most finished standardized type of collective man is perhaps the young factory worker who has grown up since the revolution and who has felt most strongly the concentrated propaganda force of the new régime. The most resistant types are probably the pre-war intellectual, who may have travelled abroad and whose world outlook was formed before the communist mechanism began to operate, and the old peasant, whose struggle with the soil and the elements has cultivated in him an incurably individualist psychology. But the new Soviet intelligentsia is, on the whole, very cocksure and dogmatic, very different from the eternally doubting Hamlet type of the pre-war Russian student; and the collective farm may be as big a factor in remolding the individualist psychology of the peasants as the Soviet factory has been in producing a new type of worker, shot through and through with new political and social ideas.

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AMERICAN TERRITORIAL ADMINISTRATION

By Major General Frank McIntyre

THE methods by which we govern our outlying territories are again under discussion, and suggestions have been numerous as to how we might acquit our responsibilities more efficiently. One recommendation is for the establishment of a single agency, located in some existing department of the government, to which would be transferred the task of supervising all our dependencies and possessions. At present the administration of these territories is carried on in three different departments at Washington. It is pointed out that the change would be in line with the organization of other governments possessing overseas territories, and which usually have either a colonial ministry or some other central organ with full administrative powers over those areas.

Is a single agency of this nature advisable in the case of the United States? In attempting to find the answer to this question we must remember that our territories were acquired at different times and for different reasons. It must also be remembered that the present relationship of these territories to the United States is not identical in all cases, and that the future purposes of the United States with reference to them have in some instances been implied but in others have not been implied. Congress was thus led to place the administration of territorial acquisitions under different departments of the government, as is shown in the following table:

	Area in sq. miles	*Population*	*Date of Acquisition*	*Administering Department*
Alaska	586,400	58,758	1867	Interior
Hawaii	6,406	368,336	1898	Interior
Philippine Islands	114,400	12,604,100	1899	War
Porto Rico	3,435	1,543,913	1899	War
Guam	206	18,521	1899	Navy
American Samoa	75	10,055	1900	Navy
Canal Zone	549	39,469	1904	War
Virgin Islands	133	22,012	1917	Interior

Congress has organized Hawaii and Alaska as incorporated Territories of the United States. This is frequently taken as implying that they are eventually to become States of the Union.

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Certainly it appears that at the time Congress had no other plan in mind. The "Act to provide a government for the Territory of Hawaii," approved April 30, 1900, made no reference to any supervision over the new government by an executive department in Washington. There was to be about the same relationship between the Federal executive departments and their agencies in the Territory as existed between these departments and their representatives in the States of the Union.

Perhaps the strongest factor in bringing about the annexation of Hawaii to the United States was the belief that it would be valuable in our scheme of national defense. On this account the duty of supervising the government established in Hawaii might very naturally have been placed in one of the departments concerned with national defense. Incidentally, if this had been done the Hawaiian population might have been of a different nature today—one more in accord with the purposes which brought about the annexation in the first place. The Act itself, however, makes it clear that Congress attached little importance to the necessity of supervision by executive departments over the government of outlying territories.

The Virgin Islands, American Samoa and Guam were taken over for the United States by the Navy. The primary consideration in acquiring all these islands was their probable utility in national defense, particularly that part of it entrusted to the Navy. Not unnaturally their supervision and government were for the time being left with the Navy Department.

The Canal Zone was acquired for the purpose of constructing a ship canal across the Isthmus of Panama. The construction of the Canal was supervised by the War Department. Moreover, an essential factor in the organization and operation of the Canal is the problem of its defense in time of war or other emergency. Thus the government of the Canal Zone, which is merely an adjunct of the Canal, has naturally continued under the War Department. Provision has been made, too, for complete military government of the Zone should the United States be engaged in war or should war appear imminent in the opinion of the President. This provision in the Panama Canal Act of August 24, 1912 might be taken into account not only with reference to the Canal Zone itself but also when we study the situation of other remote territories which may have similar importance in our scheme of national defense.

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It should go without saying that the requirements of national defense must not be lost sight of in considering the administration of territories originally acquired for that particular purpose. It is a fortunate circumstance, however, that our organization and maintenance of a territory for national defense provides distinct economic advantages to the inhabitants. It may be decided, for example, not to make the Island of Guam a naval base — and certainly a naval base should not be created if it is not needed— yet it is difficult to conceive of anything that would be more conducive to the welfare of the population of Guam than the establishment there of such a base. This is true to some extent of the other island territories which have been under the supervision of the Navy Department. If any of these islands were to be seriously used as parts of the naval defense of the United States it would obviously be unwise to place their supervision elsewhere than in the Navy Department.

Recently it was determined that the Virgin Islands had become of minor importance for purposes of defense, and as a result supervision over them has been transferred from the Navy Department to the Department of the Interior. The proximity of these islands to Porto Rico, their limited resources and their small population have indicated the desirability of attaching them to Porto Rico as soon as such union can be accomplished without offense to the populations involved. Economically it would be most advantageous, particularly to the people of the Virgin Islands, and whatever may be the precise form of government established there this objective should not be lost from sight.

Turning to our greatest insular possession, the Philippines, we find that a military government of the United States existed there prior to the organization of a civil government. The Military Governor was the commanding general. He was a subordinate of the Secretary of War and of the President, and his acts as Military Governor were as much subject to direction and review by them as were his acts as a commander of troops. There was necessarily the closest relationship between the War Department and the military government. The purely military acts of the Military Governor were handled in the customary military way. It was found, however, that a special agency was needed in the Department to deal with the civil affairs of the Islands as distinct from military operations there. Mr. Root set forth clearly in his annual reports as Secretary of War the situation which demanded the

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creation in the War Department of an office of Insular Affairs.

A close relationship, therefore, had already been established between the War Department and the government in the Islands prior to the enactment of Congressional legislation creating a civil government. The subsequent relationship between the Department and the government of the Islands was more the result of the precedent established by Secretary Root than of the very brief legislative provision which continued the office of Insular Affairs created by him. "An Act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands," approved July 1, 1902, contains the following clauses:

> That the Division of Insular Affairs of the War Department, organized by the Secretary of War, is hereby continued until otherwise provided, and shall hereafter be known as the Bureau of Insular Affairs of the War Department. The business assigned to said bureau shall embrace all matters pertaining to civil government in the island possessions of the United States subject to the jurisdiction of the War Department. . . .

The passage by Congress in 1916 of the Organic Act, generally known as the Jones Law, did not withdraw the authority of the Bureau of Insular Affairs over the civil government of the Islands.

In Porto Rico, following the military operations of 1898, a military government was established along very much the same lines as that in the Philippines. But the Organic Act of April 12, 1900, which created a civil government for the Island, withdrew the War Department's jurisdiction. Although Congress took this action, it failed (as in the case of Hawaii) to provide for supervision by a single executive department in Washington. The Governor of Porto Rico reported to the Department of State, and the heads of the several executive departments of the Porto Rican Government reported to the heads of the corresponding American departments. This arrangement, which followed the customary territorial procedure, was found to be wholly unsatisfactory, and as soon as it could be legally done the President issued an executive order (July 15, 1909) placing the supervision of the Porto Rican affairs in the Bureau of Insular Affairs of the War Department.

Briefly, then, the status of the outlying territories of the United States may be summarized as follows: 1. Alaska and Hawaii are organized and incorporated Territories. Their representation in Washington is that of the older contiguous Terri-

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tories of the United States, modified slightly by precedents that have grown up. But it is not an unfair analogy to say that they are represented just as were Arizona and New Mexico at the time when Hawaii was annexed to the United States. The executive department most closely related to them is the Department of the Interior. 2. The remaining non-contiguous territories are alike in being unincorporated. Of these, the Philippine Islands, Porto Rico and the Canal Zone are supervised by the War Department; Guam and American Samoa still report to the Navy Department; and by a recent executive order the Virgin Islands Government reports to the Department of the Interior.

The idea that the functions thus distributed among three departments should be centered in a single executive department has appealed to many American observers. It had its origin in the attempts made early in this century to solve the administrative problems of Porto Rico. In his Annual Report for 1905 the Governor of Porto Rico said:

> The Insular Government feels greatly the need of some bureau or division of the Central Government in Washington which could act as a representative in its relations to the Federal Government and the outside public, and which could furnish information and data without delay to officials and others interested in Porto Rico and its resources. In dealing in the United States the Insular Government frequently requires the aid of trained representatives with knowledge of the conditions and needs of the Island, and, on the other hand, members of Congress and others have been too often put to the delay of writing to the Island authorities for information which was imperatively needed at the time.

And again in his report of 1906 he said:

> I desire also to renew my recommendation that some bureau or division of the Central Government in Washington be designated as the representative of the Insular Government in the same way that the Bureau of Insular Affairs at the present time represents the Philippine administration.

Prior to his appointment as Governor of Porto Rico, the author of these reports, Governor Winthrop, had been an official of the Philippine Government and had had first-hand knowledge of the work of the War Department and of the Bureau of Insular Affairs in assisting the Philippine Government. His comments are quoted for the twofold purpose of showing that the ordinary supervision which had been given to our territorial governments and which was then being given to Porto Rico was widely different from the supervision which was given by the War Department to the insular possessions subject to its jurisdiction, and also to mark the

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beginning of the study of the question whether or not our detached territories might not be supervised advantageously by a single bureau or department in Washington.

President Roosevelt advocated reorganization along these lines. In his message to Congress of December 3, 1906, he said: "The administration of the affairs of Porto Rico, together with those of the Philippines, Hawaii and our other insular possessions, should be directed under one executive department; by preference, the Department of State or the Department of War." After a visit to Porto Rico, he said in a special message to Congress on December 11, 1908: "All the insular governments should be placed in one bureau, either in the Department of War or the Department of State. It is a mistake not so to arrange our handling of these islands at Washington as to be able to take advantage of the experience gained in one when dealing with the problems that from time to time arise in another." On January 7, 1907, President Roosevelt inquired of the Secretary of War whether he might designate the Bureau of Insular Affairs of the War Department as the Federal office to have supervision over Hawaiian affairs. The President was advised that legislation was necessary and a bill was introduced in Congress to accomplish that purpose, but it failed to pass.

Among the considerations which doubtless led President Roosevelt to adopt this attitude was the fact that the government officials and the public could without delay secure from the Bureau of Insular Affairs any information they desired to have about the Philippine Islands, but that information about the other dependencies of the United States was far less easy to get. In addition, the Philippine Government could turn to its Washington bureau for information and assistance on a variety of matters. The other territories did not have this advantage.

It is important to bear in mind that the direct authority over outlying territorial governments conferred by Congress on executive departments is almost negligible and that the functions of the War Department and of the Bureau of Insular Affairs with reference to the Philippine Government are conferred by the Legislature and Executive of that government, or else have grown up by precedents as the result of the good will existing between the War Department and the Philippine Government. The word "supervision" has been used because it is the customary term, but it by no means describes the relationship. Situated as it is, the Philip-

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pine Government would be compelled to create an agency in the United States to perform many necessary functions for it were there no Bureau of Insular Affairs.

The purpose of the War Department was to maintain in the Philippine Islands a government to the greatest extent possible self-contained; to have in the Islands the best available personnel, which should support and assist the government established in the Islands; to represent the Philippine Government before the American public, Congress, and the Executive, in the closest coöperation with the Governor-General; to make the War Department the channel of communication between the Governor-General and the United States and to prevent other American agencies from interfering with the government of the Islands. Most important of all, it has sought to keep constantly before Congress and the Executive the necessity for not extending to a remote territory like the Philippines statutes designed to meet conditions obtaining in the United States.

The direct advantages of constant and close coöperation between the Philippine Government and the War Department may be illustrated by a single example. In 1905 the Bureau of Insular Affairs sold for the Philippine Government $2,500,000 of public improvement bonds bearing 4 percent interest. These bonds were sold at 109.06, the premium realized amounting to $226,500. To accomplish this the War Department had secured from the Attorney-General an opinion on the legality of the bonds, and it had secured from the Secretary of the Treasury a statement that the bonds would be accepted at par as security for deposits of public money and might under certain conditions be used as security for circulation by national banks. The United States Treasury agreed to be, in fact, the fiscal agent for the bonds; that is, the interest and principal were to be paid by the United States Treasury. The bonds were engraved at the Bureau of Engraving and Printing of the Treasury Department. During the same year two issues of Hawaiian bonds were sold. The first, bearing interest of 4½ percent, were sold at 100.01; the second, bearing interest at 4 percent, were sold at 101.375. One million dollars of Porto Rican bonds were sold in 1907 at slightly less than 105. The last-named were 4 percent bonds and the sale was made by the Porto Rican Government without the intervention of an executive department of the United States. The better price of the Philippine bonds was notoriously not due to the better credit of the Philippine

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Government. Later, when the methods used by the War Department were made available to the Porto Rican and Hawaiian authorities, the striking difference in price disappeared.

An important consideration in transferring the supervision of a territory from one executive department to another should be the informed wishes of the people who would be directly affected by the change. Alaska and Hawaii have been given a status which perhaps justifies their inhabitants in believing that there has been a promise of statehood. If the supervision of these Territories should be transferred from the Interior Department, which bore a similar relationship to other territories which have since become States, the change might be interpreted as a withdrawal of this promise and might for that reason be very unpopular. It would seem wise to make no change unless it had been definitely decided to withdraw what has been called an implied promise of statehood. This conclusion seems the more sound because federal supervision over these Territories, wherever lodged, would at once become ineffective and unsatisfactory because it would be regarded as only temporary.

With regard to the unincorporated territories of the United States, it seems clear that with the exception of small islands essential to defense or remote from our shores they can be most efficiently supervised by the War Department through the Bureau of Insular Affairs. There should be full recognition of the fact that in assigning small islands for supervision it is proper to keep in view the specific object for which they were acquired. An island or a small group of islands acquired primarily for naval purposes does not differ greatly from a war vessel or fleet at anchor. It would be as improper to transfer the administration of such an island or island group from the Navy to another department as to turn over war vessels to any other than the Navy Department. Should the naval purposes become at any time negligible or relatively unimportant, the question might then arise as to their transfer. Another set of factors centers about the situation of remote islands with respect to visits of inspection, communications and related matters; in these directions the Navy Department has peculiar advantages not held by other departments. It should not be forgotten, too, that as a military service has to be prepared at all times to take over the administration of occupied territory it must be complete in itself, with all the technical personnel neces-

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sary for the maintenance of order, sanitation, health, public works — in fact, government.

Other suggestions in regard to a single agency of administration have been made and should not be ignored. One rather comprehensive plan may be noted in some detail. In 1921 there appeared a pamphlet entitled "A Proposal for Government Reorganization," published in New York under the auspices of the National Budget Committee. Among other things it said:

> It is believed that a single agency of the Government should be given jurisdiction over all business of the United States relating to the government of its territories and dependencies. One advantage that would come from such an arrangement would be the eventual building up of a personnel trained in the field of colonial and territorial government. The problem of government in any of our territories and possessions is not materially different from the same problem in any other, and were a single agency of the Government given jurisdiction over our relations with all such territories and possessions, interchange of personnel between our colonies would be facilitated, and the experience gained in the administration of one government would thus be made available in the administration of others. A permanent corps of officials, trained in such matters, would gradually be built up. It has been noted that with the exception of Alaska and Hawaii the administration of our colonies and dependencies is under the jurisdiction of our military establishments. However effective such administration is mechanically, it is always subject to the criticism that the people involved feel that, to a certain extent, they continue to live under a military government. It is believed that the separation of such questions from the military and naval establishments would do much to improve the feeling of the people of our dependencies and possessions toward the American Government. Nor is this theoretical reasoning. There can be no doubt but that the training and experience of army and navy officers is such that their treatment of the purely civil problems involved in the administration of our territories and dependencies is ordinarily very different from that which would be accorded these problems by administrators trained and experienced along other than military lines, who would doubtless give greater regard to educational and health work and the development of agriculture, commerce and other industries. (p. 57.)
>
> The Department of State is charged primarily with the dealings of the United States with other governments, which is substantially the question involved here — the dealings of the United States with the governments of its own territories and insular possessions. . . . The training and experience gained by the officers and employees of the State Department in caring for the relations of the United States with foreign governments adequately fits them to administer the business of the United States in its dealings with its own territories and insular possessions. Hardly any question can arise in the administration of our territorial and colonial governments that has not a counterpart in some problem handled by the State Department in conducting the negotiations of the United States with other countries. (pp. 57-58.)

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The quotation of such long passages from this document must not be taken as the mere putting up of a man of straw. Similar arguments have frequently been used by other authorities to justify the changes recommended.

The belief is expressed that transfer from the War Department's jurisdiction of those possessions now under it would improve the feeling of the people concerned toward the American Government. There is nothing in the record to support this contention. It is only necessary to recall that Porto Rico was returned to the jurisdiction of the War Department in 1909 largely as a result of dissatisfaction on the part of the Porto Rican Government with the method of its supervision.

It is surprising, to say the least, to find the War Department administration charged with laxness in such matters as education and public health, in view of the fact that its work in these fields has been particularly notable. In the Philippines and in Porto Rico it has set an example to the world of what can be done by way of educational work in the tropics. The criticism most frequently met with is that too large a part of the revenues of the governments concerned are devoted to education and that education has been too rapid in comparison with development along other lines. The health work of the purely military government of the United States in Cuba, Porto Rico, the Canal Zone and the Philippines marks the beginning of an era in tropical health work and furnishes perhaps the most distinguished achievement of America in the field of public health.

The recommendation that men trained in one territorial field should be available for service in other fields is excellent, but it fails to take into account the fact that this is the case at present. Men trained in the Philippine service have been utilized freely not only in our other dependencies but in the service of the United States at home and in that of foreign governments, particularly in Latin America. It should be observed that the American policy has been to train the people of territories and dependencies to govern themselves, which means giving them experience in all the fields of government service. In the performance of this service American officials have been of great value. Success in their work, however, carries with it the gradual closing of the field. Thus more and more the utilization of persons with this experience must be in new fields, either in service of the United States Government or else in that of foreign governments.

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The pamphlet also recommends that the proposed agency for territorial administration be located in the Department of State. It is very doubtful whether the Department of State has ever been of the opinion that its normal or proper duties had anything in common with supervising and assisting the governments of detached territories.

The theory that there is something in the education and training of military men which unfits them for dealing with civilians is not supported by the experience of the United States or by that of foreign countries. No doubt military men could be selected who would be unfitted for any non-military duty. But the military man is required by his profession to deal with civil populations under peculiarly trying circumstances, and his training should equip him for such duties. No government has more delicate tasks presented to it than are involved in those of purely military government; and to exercise authority successfully in such a government, in the American tradition, one must have the essential military qualifications of "officer and gentleman." The military man who constantly feels it necessary to identify himself by rattling his saber is quite apt to be a misfit in military life.

But the real answer to this last criticism is quite independent of the question of the general qualifications of military men. Root, Taft, Wright, Dickinson, Stimson, Garrison, Baker, Weeks — here we have a roster of the Secretaries of War whose duty it has been to supervise the dependencies of the United States reporting to the War Department during the first twenty-five years of its responsibility. Surely no abler men could have been found in our country to initiate and carry on this work of administration. Their handiwork appears not only in acts performed but in the traditions created in this service.

Imperfections may of course be pointed out, but it should be remembered that the supervisory department is not given the power of a dictator. The head of the department may advise and admonish. Unfortunately there have been instances when advice was not followed and admonition was not heeded. Yet the work of the War Department in the Philippines, in Porto Rico, in the Canal Zone, in Cuba and elsewhere has been well done. If it has fallen short of perfection there remains the satisfaction of remembering that many expert critics predicted that it could not be done at all.

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WHY THE FILIPINOS EXPECT INDEPENDENCE

By Maximo M. Kalaw

"WHEN they show sufficient capacity," or "When they are able to govern themselves," or "When they are educated enough." So run the answers of many Americans pressed with the question as to when the Filipinos should be granted their independence. Just what do they mean? Senator Sorghum may think no people capable of self-government that does not establish the judicial recall or that does not produce a Billy Sunday. John Smith of Summerville may think no people capable of self-government that does not vote his ticket or go to church on Sundays. The fact is that the phrase "capacity for self-government" is as broad and elastic as the purposes of the person using it at the moment require.

Fortunately, the American promise to the Philippines is not based on such obscure and abstract conditions. Even in the early days ultimate independence was the goal of America.

In President McKinley's instructions to the first Philippine Commission, on January 20, 1899, he expressed the hope that the commissioners would be received as bearers of the "blessings of a liberating rather than a conquering nation." In his message to Congress in the same year he said, "The Philippines are ours, not to exploit, but to develop, to civilize, to educate, to train in the science of self-government. This is the path of duty which we must follow or be recreant to a mighty trust committed to us." Dr. Schurman, President of the first Philippine Commission, construed the American policy to mean "ever increasing liberty and self-government, . . . and it is the nature of such continuously expanding liberty to issue in independence."

When Mr. Taft was Secretary of War, in April, 1904, he said, "When they (the Filipinos) have learned the principles of successful popular self-government from a gradually enlarged experience therein, we can discuss the question whether independence is what they desire and grant it, or whether they prefer the retention of a closer association with the country which, by its guidance, has unselfishly led them on to better conditions." In opening the Philippine Assembly on October 16, 1907, Mr. Taft said, "The policy looks to the improvement of the people,

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both industrially and in self-governing capacity. As this policy of extending control continues, it must logically reduce and finally end the sovereignty of the United States in the Islands, unless it shall seem wise to the American and the Filipino peoples, on account of mutually beneficial trade relations and possible advantages to the Islands in their foreign relations, that the bond shall not be completely severed."

In 1908, after the Philippine Assembly had been opened, President Roosevelt, in his message to Congress, said, "I trust that within a generation the time will arrive when the Filipinos can decide for themselves whether it is well for them to become independent or to continue under the protection of a strong and disinterested power, able to guarantee to the Islands order at home and protection from foreign invasion."

President Wilson, in a message to the Filipino people delivered by Governor-General Harrison in Manila, October 6, 1913, said, "We regard ourselves as trustees acting not for the advantage of the United States but for the benefit of the people of the Philippine Islands. Every step we take will be taken with a view to the ultimate independence of the Islands and as a preparation for that independence."

During the several years preceding the passage of the Jones Law, various measures providing for qualified or for complete independence were introduced either in the House of Representatives or in the Senate of the United States. All of them, however, failed to secure the approval of both houses of Congress. In February 1916 Congress took up the Philippine question in earnest, and the final result of the discussion of this matter was the passage of the act known as the Jones Law.

The full title of the Jones Law is "An Act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for these Islands." The declaration of purposes is contained in the following preamble:

> Whereas it was never the intention of the people of the United States in the incipiency of the War with Spain to make it a war of conquest or for territorial aggrandizement; and
>
> Whereas it is, as it has always been, the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein; and

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Whereas, for the speedy accomplishment of such purpose it is desirable to place in the hands of the people of the Philippines as large a control of their domestic affairs as can be given them without, in the meantime, impairing the exercise of the rights of sovereignty by the people of the United States, in order that, by the use and exercise of popular franchise and governmental powers, they may be the better prepared to fully assume the responsibilities and enjoy all the privileges of complete independence. . . .

The Jones Law was received by the Filipino people as the real pledge of the American people, for the statements of the various American presidents were merely executive opinion not necessarily binding on the United States. In numerous public meetings and in resolutions passed by provincial boards and by municipal councils the measure was heartily welcomed and endorsed. American sovereignty in the Philippines was henceforward considered to exist with the consent of the governed. The author of the Jones Law declared it a covenant or compact between the American and Filipino peoples, by means of which a government autonomous in nature was given the Islands preparatory to complete independence to be granted "when a stable government can be established in the Islands."

The greatest moral claim of the Filipinos for independence is the promise in the preamble of the Jones Law that as soon as a stable government can be established in the Philippine Islands the sovereignty of the United States will be withdrawn and Philippine independence recognized.

The phrase "a stable government" is not, as some have claimed, vague and ambiguous. It has a definite meaning in American international law, especially in the history of America's relations with weak countries struggling for independence. It has a definite meaning in the deliberations of the League of Nations. When the American Government used the phrase in 1916 it was not the first time that it had used it in connection with the recognition of new states. In 1875 there was considerable agitation in the United States to recognize the independence of the Cubans, then struggling to shake off the Spanish yoke. President Grant, in a message to Congress, expressed the idea that not until the Cuban people had set up a government "possessed of the elements of stability could recognition be possible." He used these words:

Where a considerable body of people, who have attempted to free themselves of the control of the superior government, have reached such point in occupation of territory, in power, and in general organization as to constitute in fact

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a body politic, having a government in substance as well as in name, possessed of the elements of stability, and equipped with the machinery for the administration of internal policy and the execution of its laws, prepared and able to administer justice at home, as well as in its dealing with other powers, it is within the province of those other powers to recognize its existence as a new and independent nation.

Elucidating further what he meant by such a government, he said:

There must be a people occupying a known territory, united under some known and defined form of government, acknowledged by those subject thereto, in which the functions of government are administered by usual methods, competent to mete out justice to citizens and strangers, to afford remedies for public and for private wrongs, and able to assume the correlative international obligations and capable of performing the corresponding international duties resulting from its acquisition of the rights of sovereignty.[1]

President McKinley, when confronted with the same problem of the recognition of Cuban independence, quoted the very words of President Grant as the conditions which must be satisfied.

A similar exposition of the American theory had been made by President Jackson in his message of December 21, 1836, upon the question of recognizing the independence of Texas. And in accordance with the principles that had been adopted the South American republics were one by one recognized as soon as they had shown that they possessed governments exercising all governmental functions and were free from the possibility of being reconquered by the former sovereign state.

The most pertinent precedent for the Philippines is the case of Cuba. The United States had required of Cuba the establishment of the very same kind of government which it now requires of the Filipino people — a stable government — before it gave final recognition to the Cuban Republic. In his message to Congress of April 11, 1898, after depicting what was happening to Cuba and pointing out what the United States should do, President McKinley said:

I ask the Congress to authorize and empower the President to take measures to secure a full and final termination of hostilities between the Government of Spain and the people of Cuba, and to secure in the island the establishment of a stable government capable of maintaining order and observing its international obligations, insuring peace and tranquillity and the security of its citizens as well as our own, and to use the military and naval forces of the United States as may be necessary for these purposes.

[1] "Messages and Papers of the Presidents," Vol. X, p. 4291., Bureau of Nat. Litt., N. Y.

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As a result of the war, Spain was obliged to withdraw her sovereignty from Cuba. The American Government occupied the Island temporarily and proceeded to establish a stable government. The first step was the taking of a census to ascertain the political capacity of the people. It was found that "sixty-six percent of the inhabitants of the islands could not read and write" (a much higher percent of illiteracy than exists in the Philippines), and a limited suffrage was therefore established based on the same conditions as those obtaining in the Philippine Islands before the recent election reform, except that those who had served in the Cuban army were allowed to vote. After the census was taken, municipal and provincial elections were held under a law promulgated by General Wood, the Military Governor. Then the same voters who voted in the municipal and provincial elections were called upon to elect the members of a constitutional convention which was to draft a constitution for Cuba. The Military Governor opened the convention and, by direction of the Secretary of War, said: "It will be your duty first to frame and adopt a constitution of Cuba . . . adequate to secure a stable, orderly and free government."

To explain further what was meant by a "stable, orderly and free government," Secretary Root again sent instructions to the convention through the Military Governor. Mr. Root said:

> It is plain that the government to which we were thus to transfer our temporary obligations should be a government based upon the peaceful suffrages of the people of Cuba, representing the entire people and holding their power from the people, and subject to the limitations and safeguards which the experience of constitutional government has shown to be necessary to the preservation of individual rights. . . .

The constitution drafted by the Cuban people was not to the entire satisfaction of Secretary Root, but it was the deliberate work of the representatives of the Cuban people and it was, therefore, considered acceptable. On December 31, 1901, the Cuban people elected provincial governors and councillors, members of the House of Representatives, and presidential and senatorial electors. The presidential and senatorial electors, in turn, met on February 24, 1902, to elect a president, a vice-president and senators. After all these officials had been duly elected, the American Government prepared to transfer the government into their hands. *The condition of stability had been accomplished.* On May 20, 1902, the Military Governor read the fateful instrument

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which transferred to "the duly elected representatives of the people of Cuba the government and control of the island."

We thus see that in Cuba a stable government meant a government duly elected by the people. This is the unmistakable interpretation given by the American Government to the words. In 1906, upon the petition of President Palma, the United States was obliged to intervene in Cuba and stop the revolution which threatened the downfall of the government. A stable government had again to be established. The provisional governor saw to it that the Cuban people elected municipal and provincial officials, members of the House of Representatives, senators, a vice-president and president. As soon as all these officials had been elected and installed, Cuba was again restored to the Cuban people, under a stable government. The United States left.

That the meaning given to the phrase stable government in connection with Cuba is the same as that which the phrase has in the preamble to the Jones Law is easily demonstrated. The phrase stable government was first used in connection with the Philippine problem in the Democratic platform of 1900. "We favor an immediate declaration," read that platform, "of the nation's purpose to give the Philippines, first, a stable form of government; second, independence; and third, protection from outside interference, such as has been given for nearly a century to the republics of Central and South America." Mr. Bryan, who was the author of the Philippine plank of 1900, declared that the phrase stable government meant the same kind of government that was being established in Cuba. In accepting the nomination for the presidency, he said: "If elected, I will convene Congress in extraordinary session as soon as inaugurated and recommend an immediate declaration of the nation's purpose, first, to establish a stable form of government in the Philippine Islands, just as we are now establishing a stable form of government in Cuba; second, to give independence to the Filipinos as we have promised to give independence to the Cubans; third, to protect the Filipinos from outside interference while they work out their destiny, just as we have protected the republics of Central and South America, and are, by the Monroe Doctrine, pledged to protect Cuba." His opponent, President McKinley, did not differ from him as to the kind of government meant by the phrase stable government, but he did not favor at that time the establishment in the Philippines of such a government. He said: "We are re-

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quired to set up a stable government in the interest of those who have assailed our sovereignty and fired upon our soldiers, and then maintain it at any cost or sacrifice against its enemies and against those having ambitious designs from without."

The interpretation of the League of Nations of the words stable government is similar to the interpretation that has been cited above. Possession of such a government is one of the conditions required by the League of Nations before new states can be admitted to it. The Committee on Admission of the First Assembly of the League of Nations laid down in 1921 the following questions to be answered by each applicant: (a) Is its application for admission to the League in order? (b) Is the government applying for admission recognized *de jure* or *de facto* and by which states? (c) Is the applicant a nation with a stable government and settled frontiers? What are its size and its population? (d) Is it fully self-governing? (e) What has been its conduct, including both acts and assurances, with regard to its international obligations and the prescriptions of the League as to armaments?

What was the criterion used by the League of Nations in determining whether an applicant had a stable government or not? Had the Philippines been an applicant, would they have lived up to that criterion?

Austria was declared by the subcommittee to have a "stable government established within well-defined frontiers." "She had expressed her desire to observe her international obligations, and declared that she had given proof of this by her conduct." As to Bulgaria, another subcommittee's report read: "She has a stable government and well-defined frontiers." Similarly, Costa Rica, Finland and Albania were declared to possess stable governments. Albania's application was approved in spite of the fact that she had not yet been recognized by other nations, that her frontiers were not fully defined, and that some of her territories were still held by foreign troops.

In other words, a stable government has been interpreted by the learned internationalists of the Assembly of the League of Nations as a *de facto* government which has the support of the people. Any impartial observer will compare the condition of the Philippines favorably with those of the countries which were in 1921 declared by the League of Nations to be the possessors of stable governments.

The American representative in the Philippines who supervised

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the establishment of the government under the Jones Law, Governor-General Harrison, has concurred in the report of the Philippine Legislature as to the existence of a stable government there. He reported to Congress in 1919 that there was already in the Philippine Islands the stable government demanded by Congress — "namely, a government elected by the suffrages of the people, which is supported by the people, which is capable of maintaining order and of fulfilling its international obligations."

President Wilson in his farewell message to Congress officially certified that the Filipino people had already performed the condition imposed upon them as a prerequisite to independence. He said:

> Allow me to call your attention to the fact that the people of the Philippine Islands have succeeded in maintaining a stable government since the last action of the Congress in their behalf, and have thus fulfilled the condition set by the Congress as precedent to a consideration of granting independence to the Islands.
>
> I respectfully submit that this condition precedent having been fulfilled, it is now our liberty and our duty to keep our promise to the people of those islands by granting them the independence which they so honorably covet.

The Filipinos did not expect that when the Republican Party came to power it would try to reverse the action already taken towards the fulfillment of America's promise to them. They had considered the Philippine policy of the United States as being not the expression of a party but of the nation. The Jones Law, with its preamble, had ultimately been approved with practically no opposition from the Republicans; indeed, as we have seen, it was the logical evolution of Republican policy, for it had been borrowed by Mr. Bryan from the work of Republican administrations in Cuba and from the recognition of new states by Republican presidents.

When President Harding had been installed in office the Filipino leaders sent President Quezon to Washington to find out the policy of the new President. He soon found that even if there was no definite plan to diminish Filipino control in the Islands there was no desire or purpose on the part of the new administration to carry out a program of independence in harmony with the Jones Law and based on the fact, recognized by President Wilson, that a stable government had been set up there.

In order to justify his attitude President Harding decided to send the Wood-Forbes Mission to the Philippines. He frankly

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stated that the reason for sending a mission was President Wilson's message to Congress, wherein the Democratic President had recognized the existence of a stable government in the Philippines and urged the granting of independence. While President Harding neither ratified nor disapproved the standard used by the previous administration in determining whether the Philippines had a stable government or not, Secretary of War Weeks, in another instruction to the Mission, did adopt an entirely different standard. He did not take the Jones Law preamble as the criterion which should be used in measuring the possibilities for independence in the Islands, although the preamble of the Jones Law is the only statement of policy that was ever voted upon and approved by the Congress of the United States. Secretary Weeks predisposed the mind of the Mission in favor of the indefinite retention of the Islands by the United States when he said:

> The pleasing of the Filipinos of this generation would be a minor satisfaction if it were believed that it would result in the bondage or destruction of the Filipino people for all time hereafter.
>
> Whether the result of your investigation may or may not be to the satisfaction of the majority of the Filipino people at this time, I am convinced that, undertaken in the spirit in which it is committed to you and in which you have undertaken it, it cannot but be to the future satisfaction of the Filipinos and must, of necessity, result in their permanent well-being and progress.

No mention whatever was made in the Wood-Forbes report of the promise of independence contained in the preamble of the Jones Law. The Chairman of the Mission apparently had a different interpretation from that of the American Congress regarding the term "stable government." At a meeting held by the Philippine Columbian Association he was reported to have defined it in the following words:

> A stable government means civic courage, courts of justice which give equal opportunities to the Senator as well as to the simple "tao," resources ready for disposal at any moment they are needed by the country, organization which enables the country to defend its integrity, adequate hospitals all over the Islands which are not found in the provinces we have just visited, social organizations which show keen human interest in the protection of the needy and the poor, effective public sanitation, common language, and many others.

Let us suppose that in the survey of Philippine conditions the Wood-Forbes Mission had used the standard of a stable government used by Presidents McKinley and Wilson. Critical as the survey was, I believe that the conditions exposed in the report

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would compare favorably with the conditions existing in the countries admitted in 1921 into the League of Nations. In President McKinley's estimate there were two main elements in a stable government: first, ability to maintain order and insure peace and tranquillity and the security of citizens; second, ability to observe its international obligations. To these two elements, Mr. Root, in his instructions for the Cuban people, also added the following: it must rest upon the peaceful suffrages of the people and must contain constitutional limitations to protect the people from the arbitrary actions of the government. Substantiation of the existence of these four elements will be found in the facts gathered by the Mission. It was admitted by the Mission that excellent order prevailed and that the constabulary was sufficient to maintain internal peace. The tranquillity and security of the citizens were not jeopardized. Elections were peaceful. As to the obligations for international life, the Wood-Forbes Mission recognized that there were people in the Philippine service who could do credit to any government and that our legislature was filled with representative men.

Further evasion of the pledge contained in the preamble to the Jones Law is shown in two letters of President Coolidge, one dated February 21, 1924, addressed to Speaker Roxas, the other to Governor Wood explaining his veto of the Plebiscite Bill. Here is the criterion which President Coolidge would use as regards the granting of independence:

> The ability of a people to govern themselves is not easily attained. History is filled with failures of popular government. It cannot be learned from books; it is not a matter of eloquent phrases. Liberty, freedom, independence are not mere words the repetition of which brings fulfillment. They demand long, arduous, self-sacrificing preparation. Education, knowledge, experience, sound public opinion, intelligent participation by the great body of the people, high ideals—these things are essential. The degree in which they are possessed determines the capacity of a people to govern themselves. In frankness and with the utmost friendliness, I must state my sincere conviction that the people of the Philippine Islands have not as yet attained the capability of full self-government.

The standard here described is absolutely elastic. It may mean requiring 90 percent of literacy, the establishment of a public opinion to the extent that obtains in England and America, or the existence of as intelligent a democracy as that of Switzerland.

The present Secretary of War, Mr. Hurley, went a step further

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back in interpreting America's promise of independence. In his letter to Senator Bingham of the Committee on Territories, Secretary Hurley expressed his doubts regarding the promise of independence as specified in the preamble of the Jones Law.

> An examination of the record leads to the conclusion that no commitment, legal or moral, exists as regards immediate independence or independence within any specific period of years; and no commitment as regards ultimate independence has been found which appears to be more binding than the correlative obligation for the continuation of American sovereignty over the Philippine Islands until the trust which has been assumed, in behalf of the Philippine people as a whole, can honorably be terminated when they are adequately prepared to fully assume the responsibilities . . . of complete independence.

We may agree with the first part of his statement "that no commitment, legal or moral, exists as regards immediate independence or independence within any specified period of years." But the Filipino people disagree vigorously with the second part. They cannot believe that the repeated statements of American executives which I have quoted mean nothing, or that the promise in writing contained in the Jones Law, passed by Congress and signed by the President — a promise which was called a covenant between the two peoples — is a mere scrap of paper. It stands on the record of the American Congress, and to us Filipinos it means the plighted word of the United States. We cannot believe that that promise is simply tantamount to the implied moral obligation attendant upon an assumed trust. Such a declaration places America on the same footing as the other colonizing Powers which announced to the world that they would stay in their colonies until their task is finished. And it will never be finished. It is the shield behind which the most sordid and cruel imperialism in Africa has flourished.

On another score the practice of the administration at Washington does not square with the recognized principles of government. When a people possess a representative government there is only one way of learning their desire, and that is through their representatives. No better barometer has yet been devised for finding out the popular will. Yet since 1920 the Republican administration has sent out three missions, the Wood-Forbes Mission, that of Mr. Carmi Thompson, and the recent mission of Secretary Hurley, for at any rate the partial purpose of ascertaining whether the Filipinos want independence or not.

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I submit that such practice only increases the difficulties in the way of a proper solution of the Philippine problem. We have representative institutions in our country. Popular elections have been held since 1907. The verdict of the people, given through the ballot, has always been in favor of immediate independence. The party which advocated American retention of the Philippines was relegated to oblivion, and after changing its name had to fuse with a party claiming to be more radical than the Nationalist Party. Municipal councils, provincial boards, the Philippine Assembly from 1907 to 1916, the Philippine Legislature from 1916 up to the present time, and all the political parties operating in the Philippines, have given unmistakable proof of the desire of the Filipino people to have immediate separation from America. Yet a few American officials come here on a flying trip, talk with a dozen or so people in each place, and hurry back to America to tell the American people and Congress that the record and elections of our municipal councils, our provincial boards, the Philippine Assembly and the Philippine Legislature do not reflect the people's desire for independence. When the Philippine Legislature proposed the only more authoritative way of knowing the people's desire, through a national plebiscite, the measure was killed by executive veto.

We have shown that America's promise of independence has a definite and understandable meaning. Stable government has a recognized interpretation in the international relations of the United States and in the deliberations of the League of Nations. At most, it means only a government supported by the people and capable of maintaining order and fulfilling its obligations. We submit that those conditions prevail in the Philippines now or can be created at any time that the opportunity is offered. We consider the elaborations and amendments made by Secretary Weeks, Governor Wood, President Coolidge, and lastly by Secretary Hurley as unfair and unwarranted. They do not find any Congressional sanction. They range from the establishment of an ideal democracy and the building of more hospitals to the formation of a government that will stand up against the most powerful foreign aggression and prevent all economic penetration. We submit that no nation on earth can qualify under each and every one of these conditions. They seem to us mere words to tease us along.

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AMERICA AT WAR

By Raymond B. Fosdick

NEWTON D. BAKER: AMERICA AT WAR. By Frederick Palmer. New York: Dodd, Mead and Company, 1931, 2 vols., 421, 451 pp. $7.50.

ONE turns the pages of these volumes with a feeling almost akin to excitement. Here, for the first time, is the picture of what went on inside the War Department in those incredible years of 1917 and 1918. We see a country in which a desire for peace predominated suddenly aroused to a passion of militant activity, willing to root up every sacred tradition and transform every objective of private and public effort if only it could win a military victory over its enemy. We follow the steps leading up to the sweeping draft act — itself a violent break with American tradition. We see the considerations that led to the appointment of Pershing and the battle of giants that followed when Pershing, commanding in France, and March, the Chief-of-Staff in Washington, exchanged cablegrams in words that did not always disguise what they felt. We see Theodore Roosevelt marching on Washington with his cohorts, demanding the right which he could not obtain to raise a division of troops and threatening to bring down the temple in reprisal. We see the desperate struggle between the two conceptions as to how American soldiers in France could best be employed — whether as a separate army or as a reserve infiltrated into the forces of the Allies. Here is the text of the negotiations that led up to the appointment of Foch as generalissimo of the Allied forces, and of Baker's fortunate cable to the President that helped precipitate the event. Here, too, is the incredible story of Clemenceau's attempt to relieve Pershing of the command at the time when our Meuse-Argonne offensive had struck a snag.

Truly these were days of great action. We trained troops in terms of millions. We spent lavishly in terms of billions. We put a gigantic army into France and maintained a battle-line three thousand miles away from home. Never in its history had the country been so united or so determined. Finally, we had as civil leaders, both in the White House and in the War Department, two men who trusted each other implicitly, who shared the same ideal of public service, and whose fighting jaws proclaimed their belief that the heroic undertaking could be made to succeed.

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Of the first of these leaders, Woodrow Wilson, history has already spoken much and there is much more still to be said. Of the other leader, Newton Baker, we have known surprisingly little. During the war he seemed to the country a quiet, modest little man — colorless, many people would have said — who in spite of his high position succeeded in maintaining a substantial degree of anonymity. He was bitterly attacked at one time and another during the war, but he had a way of going on with his business without dramatizing either his enemies or himself. When the war was over he retired to Cleveland to practice law, writing to a friend that he was not as concerned as he should be, perhaps, about the verdict of history.

It is a far different picture of Baker, however, that emerges from these pages written by Colonel Palmer. It is the portrait of a modest man, to be sure — a man who hated the spotlight — but it is shot through with elements of character and greatness which far too seldom attach to the leaders of democratic effort. Colonel Palmer indulges in no eulogy and is sparing in his use of adjectives. He lets the records and letters speak for themselves. Out of this material steps a man with a mind as sharp and keen as any that has been seen in public service these many years — a man not only with an amazing grasp of facts, but with a power of analysis and a capacity for clear statement which shine through every letter and document that he wrote. Baker said of Wilson: "He had the most orderly mind I have ever known." This same estimate could be applied to Baker, for Baker's mind, as shown here, is one of those rare combinations in which swift perception is balanced by judgment, and clarity and sanity run hand in hand. It was undoubtedly this quality that so attracted Wilson to Baker, for Wilson loved above everything else a logical and incisive mind. As Baker described the President: "He knew a dry sponge on sight, and his comments on fruitless people were marked by extreme intellectual impatience but not unkindness." Consequently, between Wilson and his Secretary of War there developed an understanding and attachment which even Colonel Palmer, unable to use the text of the President's letters, could not fully picture.

At no time was the unique quality of Baker's mind displayed to better advantage than in his statement before the Senate Committee on Military Affairs early in 1918 in regard to the conduct of the war. Public opinion, stimulated by Colonel Harvey and Sena-

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tor Chamberlain, was disturbed and uneasy. Baker seemed too "soft," too much of a "scholar," and the cry was to "speed up the war." "We need a Butcher and not a Baker," became a slogan quietly circulated. Colonel Harvey's *Weekly* launched a vitriolic attack. Baker was "a chattering ex-pacifist, seated on top of a pyramid of confusion which he has jumbled together and called a war machine." The word was passed around by the whispering gallery: "If Baker doesn't break, we'll break him." At an address in New York before the National Security League, Senator Chamberlain said: "The military establishment of America has fallen down. There is no use to be optimistic about a thing that does not exist. It has almost stopped functioning." At the close of Chamberlain's speech Theodore Roosevelt sprang to his feet leading the prolonged applause. As Palmer says: "The old lion, if he might not go to France, was not precluded from roaring at home, and his roar could penetrate every corner of the land."

It was in the face of such a storm that Baker asked to be heard by the Senate Committee. I was present on that occasion. Baker spoke for three hours. He had in front of him merely a small sheet of paper on which he had scratched a few headings. It was the most eloquent, persuasive and dramatic statement I have ever heard. Baker had facts and figures at his finger-tips. He showed an amazing knowledge of the detail of every department and bureau in the War Office. He outlined with precision what had been done to date and the plans for the future. Referring to Theodore Roosevelt's earlier comment (made in August 1917) that "we should strain every energy to get 50,000 to 100,000 men to France this year, and by next year, 1918, we should have 500,000 men to send over, or any part of 500,000 men we could ship," Baker said:

> Instead of having 50,000 or 100,000 men in France in 1917, we have many more men than that in France. [He was precluded from making public the exact number by considerations of military policy.] Instead of having a half million men whom we could ship to France if we could only find any way to do it in 1918, we shall have more than one-half million men in France early in 1918; and if the transportation facilities are available, we have one and one-half million men who in 1918 can be shipped to France.

Chamberlain and his committee had nothing to say. They could not argue with Baker's facts, which spoke for themselves. "I know you must be tired," said the Senator. "The Committee has been very much impressed." The tension in the country was

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immediately relieved. The attacks, except from Colonel Harvey and his bitter-enders, died down. The agitation for a coalition cabinet ceased. As Palmer remarks: "Baker was not breaking nor was he to be broken." That the Secretary's prognostication as to the number of troops in France was no bit of boastful overstatement is shown by the fact that when Armistice Day came there were more than 2,000,000 American soldiers on French soil.

Perhaps the secret of the situation lay in the fact that Baker was the son of one of Jeb Stuart's old troopers. He looked like a quiet type of student, but his looks were deceptive. Beneath a scholar's mien he had a will like iron and an ability to say "No" in a soft tone which left no doubt in the hearer's mind that the question was definitely settled. He said "No" to Theodore Roosevelt and he said "No" to Leonard Wood, and now that the records are spread before us both decisions do credit to his intelligence and his firmness. Roosevelt's proposal to raise an independent division was an impossible one, condemned by everybody who knew the situation in France. But Roosevelt was a fighter and he did not easily let go of his idea. In Baker, however, he collided with a man who, although he might not look it, was made of the same kind of steel. "Since the responsibility for action and decision in this matter rests with me," Baker wrote to Roosevelt, "you will have to regard the determination I have already indicated as final."

Leonard Wood felt the same touch beneath the glove. Kept at home because Pershing did not want him in France, he hotly protested the order to Baker in a personal interview, bringing to bear that powerful and persuasive magnetism which made him the idol of thousands of friends in the United States. Baker met his directness with a directness of his own. "Frankness compels me to say, General Wood," he told him, "that without at all discussing any reasons General Pershing may have for not including you in the list, if I were in his place I would come to the same conclusion upon very definite grounds of my own."

Inside Baker's official family in the War Department there was this same quiet firmness — a spirit of decision that was never ostentatious. But everybody knew that Baker's hand was at the helm. They were no pigmy figures, those men with whom Baker was surrounded in the War Department. The army does not turn out that type of man. There were Bliss and March, as Chiefs of Staff, both of them powerful characters — the latter, particu-

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larly, endowed with superb drive and dynamic energy. There was Crowder who ran the draft act, and Crozier in charge of the Artillery. There was Pershing overseas who spoke from the shoulder and was accustomed to authority. And among them moved Baker, physically a little man who never was ruffled and who never raised his voice, but who intellectually was the acknowledged master of them all.

It was indeed an amazing performance. Here was a little fellow who came from Cleveland, relatively unknown outside of Ohio. In his first interview with the newspapermen he was put down as a spineless pacifist who would last but a few months. By sheer force of character, by the incisiveness and drive of his own mind, he not only gained the support of the army, but he mastered the administration of the largest collective enterprise in which this country has ever been involved. Let Pershing's testimony, published in his recent book, resolve any last remaining doubt on this score:

> Secretary Baker's desire to aid in the solution of the multitude of problems which confronted me, his clear comprehension of their magnitude, his sympathy, his infinite tact and understanding, were qualities that served to lighten my burden and inspire loyalty to his direction of America's military effort. No American general in the field ever received the perfect support accorded me by Mr. Baker. His attitude throughout the war, in so far as it concerned me personally and the Army in France, is a model for the guidance of future secretaries in such an emergency.

We civilians who were intimately associated with Baker in the War Department knew, of course, that all this was true. We knew what his leadership meant, and we were confident that some day the story would be told. We saw Baker at close range and we knew the stuff he was made of. He never said anything bitter or unkind — even about the Germans. In his mind the Germans were simply misled. He was the type of man who never wanted credit when things went right. On those occasions it was always somebody else who was responsible — it was Pershing, it was Bliss, it was March. But if things went wrong, as they frequently did in the conduct of so gigantic an enterprise, then as Secretary of War he insisted on assuming entire responsibility. The Leonard Wood incident is a case in point. From one end of the country to the other condemnation rained down on Baker's head for keeping a gallant officer at home. A word from Baker that it was done at Pershing's request would have quieted the storm, for the country was anxious to

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support the commanding general in the field, and would have been inclined to forgive in him even what they might have believed a mistaken policy. But Baker's lips were sealed. He said to the writer: "Pershing has troubles enough of his own, and what's a Secretary of War for if it isn't to take the gaff?"

And he was always serene, never excited, never harassed, never losing his temper or his equanimity. In those midnight hours, when what he laughingly called his "kitchen cabinet" foregathered in his office to discuss the events of the day, he was at his best. With his feet on his desk and a fresh load of tobacco in his pipe he would throw off administrative cares and take on the rôle that suited him best — a scholar interested in books and ideas, a philosopher who hated the pomp and circumstance of the task allotted him, and who had the rare capacity to sit back and contemplate himself and the world with quiet humor. In the catholicity of his tastes and interests he showed himself more like the late Arthur Balfour than any man we have had in public life in this country in a generation. Those of us who crossed the ocean with him during the war remember the extraordinary scope of his reading. He read constantly — everything he could get his hands on — biographies, histories, literary criticism, detective stories. Even a book on the technique of gasoline engines seemed to hold for him a peculiar charm. He was the best informed man on the whole range of human knowledge and interests whom I have ever met.

The manner in which he left office at the end of his administration was engagingly characteristic. There was no repining, no regret for glories that were gone. "In seventy days," he wrote to his law-partner, "the Baker family enact *Paradise Regained*." And again he wrote, as he looked forward to his return to Cleveland: "Not an apartment of state with rooms en suite (and bill en bitter!) but a modest room with bath, as befits a man whose conscience is clear enough to enable him to sleep easily in simple surroundings, and whose purse is light enough to excite the compassion even of an inn-keeper."

It is significant that in the searching investigation of Baker's administration which was initiated under the Harding régime — an investigation which was prosecuted both here and in Europe, which took three and a half years to complete, and for which $2,700,000 was appropriated by Congress — the following were the convictions: a man in Texas was sentenced to two and a half years for stealing a motor truck, and afterward paroled; a second

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got eighteen months; a third was fined $100 for stealing government property; and the fourth was found guilty of a falsehood in applying for a passport. To quote Colonel Palmer: "After all this costly investigation by the succeeding administration, which had no reason to be partial to the War administration, all other indictments were quashed." And he repeats the words of Mr. Dooley: "Be sicrety of war, if ye will; but niver be sicrety of A war."

One puts down this book with curiously mingled feelings. Here is a man who in a situation of enormous difficulty did a superlatively good job. As an example of excellent technique in public administration, I doubt if it has ever been excelled in our history. But what was the job? What was the task to which the American people called these unique talents? Briefly put, it was the task of developing guns, ammunition and man-power in such overwhelming mass quantities as to insure the slaughter of the largest possible number of Germans in the shortest possible time. It seems incredible, but it is true, that this was for two years the devouring passion of 120,000,000 people in the United States. We were all in the situation together. We thought, planned, dreamed and prayed in terms of slaughter. Nothing else was important. It was an ideal that drew us together. We hated with a common hate that was exhilarating. The writer of this review remembers attending a great meeting in New England, held under the auspices of a Christian church — God save the mark! A speaker demanded that the Kaiser, when captured, be boiled in oil, and the entire audience stood on the chairs to scream its hysterical approval. This was the mood we were in. This was the kind of madness that had seized us. It was a holy crusade, a war to end war. If only we could put enough vigor and drive into this particular "hate," we would never have to hate again.

From the standpoint of the result we were after, we did a clean, workmanlike job. It was undoubtedly the most efficient war the United States has ever waged. We served under devoted, competent and unselfish leadership. But from any other standpoint, those two years of 1917 and 1918 represent an insane and incredible interlude — an interlude which, the farther we get away from it, is increasingly difficult to understand and explain. Some of us used to be concerned during the war for fear we would not be able adequately to answer the questions of our children as to the part we as individuals had played in the conflict. Those questions may yet be put to us, and the embarrassment may

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prove as real as we anticipated, but it will be for reasons we did not dream of thirteen years ago.

There are those who claim that some measure of good came out of the war, that it was a healthy tonic which stirred the sluggish pulse of the world, that it opened a door to a new kind of future and set the feet of the race in a new direction. This is not the place to argue the matter. All we can say now with any degree of assurance is that we have not yet proved the point. The world is even more an armed camp than it was before, and the International Court and the League of Nations — which, if developed into powerful instruments, might be held to justify the havoc and slaughter of those years of war — are only feebly intrenched in the practice and confidence of nations. As far as the United States is concerned, we cannot claim even this extenuation, for we have joined neither the League nor the Court, preferring instead to follow old traditions and shape our policy in accordance with pre-war methods.

It is this kind of speculation that Colonel Palmer's book arouses. Why could not America have used a man like Baker for some great constructive purpose? Why did we have to turn his talents to such employment? With so few people really fit for leadership, and with such gigantic issues facing this generation, why did we hand him a war to fight instead of giving him a creative task worthy of his capacities? Looked at in the large, it was such a waste of splendid material, such a poor use for a democracy to make of unique administrative vision and high intelligence. But this statement applies, of course, to the entire country. What if that same concentrated drive and energy that we put into those two years had been harnessed to some definitely constructive purpose — some goal of social or industrial reorganization that promised a fairer and better life? Why does war command a solidarity of devotion and sacrifice that cannot be marshaled for peace?

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THE AMERICAN INVESTMENT IN GERMANY

By William O. Scroggs

THE moratorium on reparations and war debts, and the "standstill" arrangement of the Basle Conference under which existing short-term credits to Germany were extended, have given a new interest to the question of how much has been invested in Germany by the people of the United States. Because of recent financial troubles in the Reich this question can be answered more accurately now than was possible a few months ago. When a debtor is in financial straits both he and his creditors are likely to obtain a better idea of his total liabilities than they had when he was prosperous; and this principle applies in the case of the German debtors collectively.

The so-called Wiggin Report, prepared for the bankers' conference at Basle in August, gives careful estimates of the long-term and short-term credits extended to Germany by various countries. Since this report was issued the United States Department of Commerce has published its revised estimates of American investments in foreign countries.[1] The total security issues and direct investments for which Germany is a debtor to the United States is computed by the department at $1,420,957,000. The estimate of the German security debt alone is given as $1,176,988,000, and this corresponds closely with the estimate of $1,250,000,000 in the Wiggin Report.

The data compiled by the Department of Commerce also show that more American capital has been lent to Germany than to any other country of Europe. The amount is more than twice that invested in Great Britain and three times that invested in France, and it is approximately 30 percent of the total American investment in Europe.

In addition, there is a large volume of short-term loans, which became increasingly important after 1929 because of the difficulty of floating new bond issues in the United States. Returns compiled for the Wiggin Committee showed the amount of such loans from all countries outstanding on December 31, 1930, as 10,300,000,000 Reichsmarks ($2,450,000,000). The proportion of this which was supplied by American lenders is not stated, but on two later dates, in March and July 1931, the American proportion of the total of such loans obtained by banks is given, and each time it is 37.1 percent. If the American share of all short-term loans at the end of 1930 was about the same as on these subsequent dates, it would have amounted on December 31 to approximately $900,000,000.

If this sum is added to the estimated long-term obligations of the same date the total German indebtedness to the United States is seen to be, in round numbers, $2,320,000,000. This sum was subsequently reduced by the rapid withdrawal of short-term credit from Germany during the first six months of 1931. According to the Wiggin Report (Annex V), Germany's short-term bank credits obtained from the United States were $498,000,000 on March 31, 1931,

[1] "A New Estimate of American Investments Abroad." U. S. Department of Commerce, Trade Information Bulletin No. 767, 1931.

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and $387,400,000 at the middle of July.[2] This would indicate, therefore, that when the Hoover moratorium was adopted Germany's obligation to American creditors on both short-term and long-term account was somewhat more than $1,800,000,000 — possibly as much as $2,000,000,000.

The shrinkage indicated in the volume of short-term credits is of peculiar interest. During May and June 1931 many newspaper accounts attributed the flight from the mark, then under full headway, mainly to the withdrawal of French credits from Germany. The data in the Wiggin Report indicating the movement of short-term funds from Germany in this period fail to support such a sweeping assumption. As will be shown more fully hereafter, the amount of French credit to Germany was relatively small. If, then, the withdrawals had been confined to French creditors alone, the German financial position would not have been greatly disturbed. French withdrawals from the end of March to mid-July amounted to 72,000,000 marks, compared with 464,000,000 for the United States, 210,000,000 for Holland, and 204,000,000 for Switzerland. The Dutch credits in this period were reduced 38.4 percent, the Swiss 26 percent, the American 22.1 percent, the French 19.4 percent, and the British 8.8 percent. Of Germany's creditors the British appear to have been the least nervous. The fact that the French withdrew so much less than the Americans, the Dutch and the Swiss does not prove that they had greater confidence in Germany as a debtor. The French had much less at stake.

All the present German indebtedness to the United States has been incurred since October 1924, when the American quota of the loan to the Reich under the Dawes Plan ($110,000,000) was sold in the United States. It was then that German borrowing in the New York market began on a large scale. Germany had been only an occasional borrower in the United States before the World War. Most of these loans were for short terms. During the first years of the war Germany floated two loans of $10,000,000 each. The first, in 1915, had a maturity of nine months, and the second, in 1916, a maturity of one year. All the prewar loans have been retired.

During the seven years from 1924 onwards $1,315,692,000 in German bonds were floated in the United States. The trend of German borrowing in this period is shown in the following table of securities offered publicly in the United States, 1924–30[3]:

Year	*Government*	*Corporate*	*Total*
1924	$110,000,000	$ 8,000,000	$ 118,000,000
1925	153,750,000	59,500,000	213,250,000
1926	146,138,000	143,109,000	289,247,000
1927	146,405,000	75,120,000	221,525,000
1928	176,370,000	100,857,000	277,227,000
1929	19,476,000	10,149,000	29,625,000
1930	143,308,000	23,510,000	166,818,000
Total	$895,447,000	$420,245,000	$1,315,692,000

[2] These figures are not complete. They are for the loans reported by banks covering about 85 percent of the short-dated credit transactions with other countries, and thus somewhat understate the actual borrowings.

[3] These figures show the total borrowings, which exceed the amount of the bonded debt now outstanding because some of the obligations have since been retired.

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The latest revision by the Department of Commerce of Germany's indebtedness to American creditors at the end of 1930 on long-term account is as follows:

Portfolio debt (securities)		
Government	$800,715,000	
Corporate	376,273,000	
		$1,176,988,000
Direct investments		243,969,000
Grand total		$1,420,957,000

Germany has obtained more than half of her long-term credits from the United States. According to the Wiggin Report, the geographical distribution of the German borrowings is as follows:

	Long-term	*Short-term*	*Total*
United States	55.2%	37.1%	49.5%
Great Britain	11.5	23.9	15.4
Holland	12.3	7.6	10.8
Switzerland	5.4	13.2	7.9
France	5.0	6.8	5.6
Sweden	8.3	2.3	6.4
Other Countries	2.3	9.1	4.4
Total	100	100	100

The striking feature of this exhibit is the small French investment in Germany, compared with that of the Americans and the British. For every dollar invested in long-term German loans by the French the British invested $2.30 and the Americans $11.04. For every dollar invested by the French in short-term loans at the middle of July 1931 the British had invested $3.51 and the Americans $5.45.

The American investment in both long-term and short-term loans to Germany was about as much as that of the rest of the world combined. It was roughly three and a half times the total British credits, four and a half times the Dutch, six times the Swiss, and nine times the French.

In the large American investment and the small French investment in Germany lies a partial explanation of the differing attitudes of France and the United States toward the proposal for a moratorium on reparations. American investors desired to maintain the solvency of their credits, even if this involved the government's loss of payments on the war debts, which came to the Federal treasury indirectly from Germany. The ratio of outstanding American credits to Germany to the current year's payment on the war debts was roughly 7 to 1, while the ratio of French private credits to net receipts on reparations was less than 2 to 1. The interest of the French Government in reparations was thus relatively large, and the interest of its citizens in private investments in Germany was relatively small. In Great Britain the situation was reversed. The government received very little, on net balance, from reparation payments. In the United States the government's interest and the private interest were both large, but private claims far outweighed the government's. This preponderance of private claims in the United States and Great Britain and the large government interest in France give a key to the course of negotiations over President Hoover's proposals last summer.

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PRESIDENTIAL ELECTIONS IN SOUTH AMERICA

By Clarence H. Haring

ALL the South American countries have been seriously affected by the world economic crisis, and within the past eighteen months six of them, including the so-called "A. B. C. Powers," have been the scene of political revolutions. In Peru, Bolivia and Chile the connection between the economic and the political crisis is obvious, although not fundamental. The Argentine and Brazilian revolutions would probably have occurred had there been no business depression; but, even so, economic distress created an atmosphere, an *ambiente*, which made the work of revolution easier. In all the countries named except Brazil a return to "normalcy" has apparently been achieved, and provisional governments are giving way to constitutional régimes. The Bolivian revolution occurred in June 1930, and elections were held in the following January.[1] Since then there have been presidential elections in the other republics — in Chile on October 4, in Peru on October 11, in Ecuador on October 20, and in Argentina on November 8.

The election in Ecuador was not the aftermath of a revolution. It was occasioned by the resignation last August of President Isidro Ayora. In Dr. Ayora the country possessed a president of high character and patriotism. Under his leadership the constitution was reformed and restored to operation, the fiscal and banking systems were reorganized and public works were extended. When the economic depression reached Ecuador, however, the President was repeatedly forced to reduce expenditures in order to achieve a balanced budget; the services affected protested and there were frequent rumors of army unrest. Discouraged by the increasing economic difficulties and by his loss of congressional support, Dr. Ayora resigned. Colonel Luis Larrea Alba as Minister of Government became acting president, and called for new elections to be held October 20, 1931. On October 15, however, he surrendered his office after an attempt by several of the military units to declare him dictator.

News has now come of the election of Señor Neptali Bonifaz, an independent, one of the country's wealthiest landowners and the first president of the Central Bank created by the Kemmerer Commission. The elections seem to have been orderly and in general free. The candidate presumed to have official support, Señor Modesto Larrea Jijon, a cousin of Larrea Alba, apparently forfeited it as a result of the abortive military *coup*. The president-elect has been identified with the conservative classes, and it is not inconceivable that liberal and radical elements may endeavor, by resorting again to violence, to prevent his taking office.

The political situation in Peru has been more confused than in any of the other countries under review. National elections were set for September 13, 1931, but as late as July parties were still unorganized and the only candidates in the field represented the more radical elements. The nation seemed to be

[1] See "Revolution in South America," by Clarence H. Haring, FOREIGN AFFAIRS, January 1931.

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entirely lacking in effective political leaders, as generally happens after a long-continued dictatorship. During the eleven years of President Leguia's administration, most of the former political chiefs had died or grown old, and the younger generation had had no opportunity to gain political experience.

In preparing for the elections the Provisional Government, led by David Samanez Ocampo, promulgated a new electoral law, altering the territorial basis of representation and proving for the secret ballot and other safeguards to insure an effective suffrage.

As the presidential election drew near five or six political groups appeared, but most of them were simply attempts to revive former factions by men whose aims were chiefly personal. Exception might be made of the "Accion Republicana," and of the "Apra." The former was a new group composed of middle-class professional and intellectual elements aiming to crystallize ideas of constitutional reform. Apra, a radical labor party organized and led by an ambitious young enthusiast, Victor Haya de la Torre, came closest to achieving an effective organization. The Aprista party is nationalistic, anti-foreign and socialistic, and was formerly allied with genuine communists. Its leader, who was also its presidential candidate, is intellectual, patriotic, but opportunist and "personalist" in his objectives. The party has a strong following among young men of the middle class, and among workmen and university students. It enjoys the distinction of having maintained the only organized opposition under the Leguia dictatorship. There is reason to believe that its leaders have recently become more moderate in their point of view, that their anti-foreign complex is only the expression of an intense nationalism, and that this and their advanced socialistic preachments are being used chiefly as a battle-cry to rally popular support. Once in office they would probably not pursue an extreme anti-foreign policy.

The other prominent candidate was the successor of Leguia and former provisional president, Colonel Luis Sanchez Cerro, who was permitted by the *junta* to return to Peru in July. Sanchez Cerro is an army officer who before 1930 was regarded as something of a professional revolutionist. Ambitious, ultra-nationalistic and of uncertain temper, he often appeared to use his power as provisional president to take revenge against Leguia and his followers. Yet in spite of his defects of temperament and of his lack of experience he sincerely tried to work for his country. To those who had official dealings with him he appeared honest and courageous.

An attempt was also made to present a more conservative and responsible candidate than either Sanchez Cerro or Haya de la Torre. But the resulting "Concentracion Nacional" was hindered by the ambition of the "politicos" who head the numerous factions into which the educated part of the nation is divided.

In this atmosphere of political uncertainty it was decided to postpone the national elections until October 11 in order to give more time for registration under the new electoral law. Local disorders were not infrequent; there were strikes by labor and by university students, several barrack mutinies in the provinces, and rumors of mutiny in the capital. Under these difficult conditions the Provisional Government succeeded in maintaining order with surprising efficiency.

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The victory of Sanchez Cerro in the elections is probably to be explained by the appeal he made as a national figure representing the semi-Indian or *mestizo* class, the hero of Arequipa who laid low an eleven-year dictatorship. His support must have come mainly from the middle and lower strata of the nation, with possibly some strength from the disorganized upper-class elements which would like to use him and his personal popularity in a gamble to get back into power. With the demoralization of the older political groups, the multiplicity of candidates, and the lack of definite programs, the contest was largely a personal victory for Sanchez Cerro. Peru might easily have a worse man at the helm. It is true, however, that the navy has never been very friendly to him, and that Arequipa itself has once repudiated him. It is therefore unsafe to predict whether the presidential struggle has just ended or just begun.

Chile, the most recent to register violent repudiation of its president and his supporters (July 1931), was the most prompt to hold a national election to replace him. The revolution was in several respects a remarkable one. It was a purely civilian movement, the military having no part in it except to protect the Government House from mob violence, and it brought to an abrupt close an administration which many regarded as the most enlightened and stable in South America. The revolution was so much the background of the elections which followed that a few words about it are essential.

The ascendancy of President Ibañez had been built upon the moral and political bankruptcy of the former parliamentary régime and of the parties which flourished under it. His government is difficult to describe in a few words. It was neither a personal dictatorship nor a constitutional government, but something of both, sometimes in harmony with public sentiment, sometimes running counter to it. While neither a civil nor a military government, nor yet a mixture of the two, it sometimes inclined one way, sometimes the other. But it was a strong government in which the executive, in contrast with what had gone before, had the whip hand. It was a patriotic and all in all an honest government, but in its program of national rehabilitation it was not always well-advised.

Without the political judgment that comes from long experience in statecraft, President Ibañez made some serious mistakes. One was his extreme vigor in suppressing those who openly opposed his measures. He also let himself be too easily led by advisers who favored large expenditures for public improvements, financed by long-term loans abroad, expenditures far beyond what Chile's small population and resources could stand. The government, in short, was seduced by the "easy money" which afflicted so much of the world before the autumn of 1929. This program continued virtually unmodified until the early months of 1931. Succeeding ministries talked of economies, but if they made an effort to stem the tide of expenditure they were dismissed as incorrigible pessimists. In July 1931 the President was constrained to call in a cabinet of civilian experts, under the leadership of Pedro Blanquier, to face the financial crisis. It demanded a free hand and unconditional support in the immediate restoration of constitutional guarantees, and in effecting radical economies. Within a week, after declaring a partial moratorium on the foreign debt, it resigned because President Ibañez failed to live up to his promises.

The nation was in despair. Students in the two universities declared a four-

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day strike of protest and took possession of the university buildings. Then what began as a student agitation soon developed into a national movement for the elimination of dictatorship and the restoration of constitutional government. On July 26, after three days of street demonstrations and clashes between the populace and the mounted police, President Ibañez resigned.

Under the acting presidency of Juan Esteban Montero, a lawyer and popular university professor, who had been Minister of the Interior in the Blanquier cabinet, a call was issued for presidential elections to be held on October 4. Five candidates appeared, but the main issue lay between Montero, who was prevailed upon to withdraw from the government and enter the contest, and Arturo Alessandri, who had been president from 1920 to 1925. The latter, exiled by Ibañez, had returned to Chile immediately after the revolution. He denied that he had any political ambitions but saw to it that his candidacy was assured. Opportunist and something of a demagogue, he was the spokesman of the radical and labor elements. The professional and business classes, and the political conservatives, rallied around Montero.

The electoral campaign was attended by considerable disorder, both in Santiago and in the provinces. On election day the casualties were numerous, and heavily-armed patrols rode through Santiago streets. Montero was elected by a large majority. Evidently the labor and middle-class support which had carried Alessandri into the presidency in 1920 had been withdrawn. The new president is a professional man, not a politician, with a reputation for disinterestedness and patriotism. The problem of economic rehabilitation confronting him is a tremendous one. But he promises to pay Chile's foreign debts, and his election gives new evidence of the essential soundness of the Chilean nation.

In Argentina the overthrow of the administration of President Irigoyen in 1930 brought into office a provisional government dominated by the minority Conservative Party which had ruled the country before the electoral reforms of 1912. It was a genuine reform government, although the Provisional President, General Uriburu, was determined that the Radical Party associated with Irigoyen's discredited régime should not come back into power even if it secured the support of a majority of the nation. Conservative leaders tried to use this circumstance for their own personal ends.

The partisan activities of Uriburu's first cabinet cost the Provisional Government dear in public confidence and led to its first defeat. Public support was alienated by the proposal to abolish the Sáenz Peña Law, which gave to Argentina the secret ballot. And when an attempt was made to put the Conservative Party into power in the Province of Buenos Aires (elections of April 1931) the Radicals won by a large popular majority. The situation was not improved when President Uriburu put off elections in the other provinces until November 8, and postponed till then the meeting of the Buenos Aires electoral college. Meanwhile there was no response to the insistent demand for the election of a constitutional president; and the continuance of the state of siege, together with the government's advocacy of constitutional reform, seemed to portend a still further postponement of the return to normal. The prospect was galling to Argentine pride, kept business stagnant and hurt the country's credit in the money markets abroad.

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But the most serious question was what the President would do with the various elements composing the Radical Party. Ex-President Alvear had returned from Paris in April to try to reunite the disrupted organization. But as it was to be a renascence of the entire party, including the followers of Irigoyen, it encountered the open hostility of General Uriburu. The Corrientes revolt of July 20 gave the President the opportunity he wanted. Accusing Alvear and his associates of being privy to the conspiracy, he expelled them from the country, while hundreds of lesser fry were clapped into prison or detained in their homes. At the end of the month Uriburu nevertheless gave in to popular pressure and announced that the election of a president and vice-president would be permitted on November 8.

During August and September the various political groupings assumed definitive form and three electoral formulæ appeared.

The Democratic Progressive Party entered into a coalition, the "Alianza Civil," with the Socialist Party in support of Dr. de la Torre (Progressive) and Dr. Repetto (Socialist). The Progressives are an offshoot of the old Conservative or Autonomist Party of two decades ago, but incline toward the Left, in accord with the democratic tendency of the times. The sane political judgment of the group is evidenced by its refusal to coöperate with the Conservatives in staging the revolution of September 1930, and also by this temporary alliance with the Socialists. The party has been attacked by the clergy because it favors separating church and state, and by the land-owning aristocracy who fear the Socialists. The latter, however, have a record in congress for work and discipline, in which qualities the major parties have been conspicuously lacking.

The National Democratic Party, a new organization with a nucleus of Conservatives and "anti-Personalists" (former Radicals opposed to Irigoyen), nominated General Agustin P. Justo, an associate of General Uriburu in the revolution and for a short time his Minister of War. He has enjoyed the favor of the government (except that of the President) and he appealed to the independent vote of the country. But his support came chiefly from the upper classes, from the church and from provincial *caudillos* (political bosses) who were ready to follow any standard which promised them continued control.

At the end of September the Radicals in convention at Buenos Aires challenged the government by nominating Dr. Alvear as their candidate for the presidency. General Uriburu retorted a week later with two decrees, one vetoing the nomination, and the other annulling the April elections in the province of Buenos Aires. The party offered on certain conditions to change the formula, but the government remained obdurate. Alvear, from his exile in Montevideo, resigned the candidacy; but the Radical convention declined to accept it. In this defiance they made a grave mistake, for according to the constitution, which requires an interval of six years before the reëlection of a president, Alvear was clearly ineligible. The party therefore was not represented in the November elections.

It is not yet clear whether Dr. de la Torre or General Justo will be the next constitutional president of Argentina. Although the Provisional Government as the self-appointed guardian of the revolution has supported General Justo, its professed purposes and ideals would probably be best served by a victory for the "Alianza Civil."

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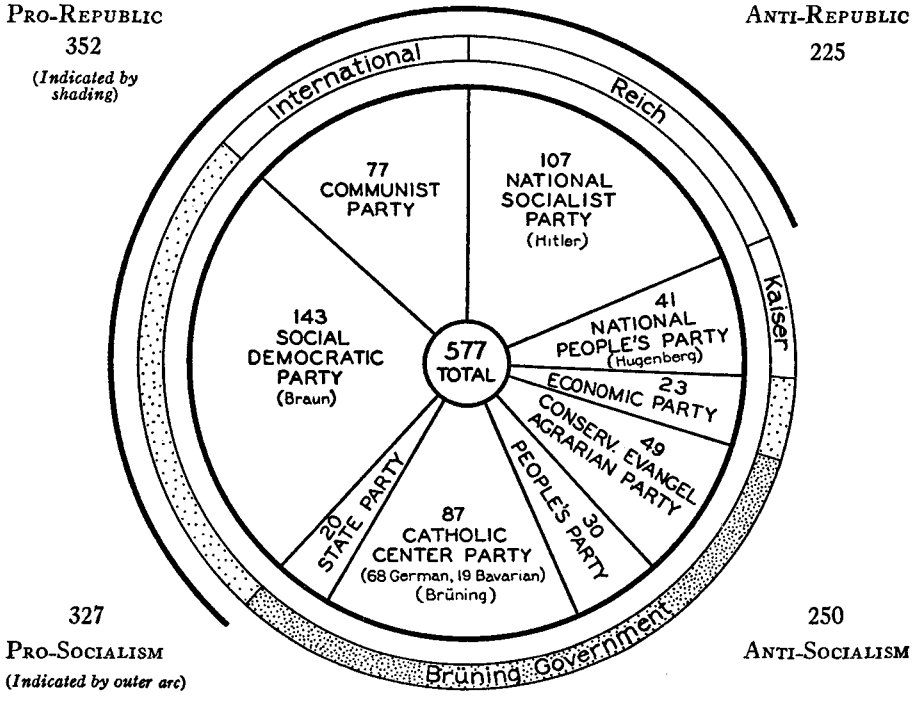
POLITICAL FORCES IN THE REICHSTAG

By Ernst Jäckh



1. The Brüning Cabinet is a minority government in the sense that only three or four parties are represented in it. But it is able to act as a majority government because two other parties — one to the Left, the Social Democratic Party, the other to the Right, the Economic Party — at present support it.

2. The political pivot of all coalitions since 1919, and of future coalitions, is the Catholic Center Party, itself a cross-section of the German people of all classes and professions.

3. The growth of the National Socialists (Hitlerites) has shaken neither of the two strong constructive and "conservative" parties — the Catholic Center and the Social Democrats. Hitlerism is, however, gradually destroying the small middle-class parties based more or less on economic interests.

4. Neither the Communists nor the Hitlerites are able to form a majority government, alone or combined.

5. The recent elections in Hesse (November 15) showed what results may be expected in the Prussian elections next spring, i.e., a negative majority of Hitlerites and Communists large enough to cause the resignation of the Braun Government (Social Democrats, Center Party, State Party), but not a majority which could coöperate to form a government.

6. Participation of the Hitlerites in the Brüning Government, with the tacit toleration of the Social Democrats, would mean nothing more than did the participation of the Nationalists in the Stresemann Government in 1924. That government accepted the Dawes Plan and the Locarno Treaties.

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SOME RECENT BOOKS ON INTERNATIONAL RELATIONS

By William L. Langer

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General International Relations

THE UNITY OF THE WORLD. By GUGLIELMO FERRERO. London: Cape, 1931, 188 pp. 5/.

A stimulating essay by an eminent historian.

CONSOLIDATING WORLD PEACE. By ARTHUR HENDERSON. New York: Oxford University Press, 1931, 27 pp. $1.00.

The Burge Memorial Lecture, by Britain's recent Minister for Foreign Affairs.

GOOSE STEPS TO PEACE. By JONATHAN MITCHELL. Boston: Little, Brown, 1931, 320 pp. $2.50.

The author, an American journalist who has seen much service in Europe and has become well acquainted with the technique of propaganda and newspaper campaigns, reviews the efforts that have been made since the war to prevent the outbreak of new conflicts. In simple and straightforward style he gives the naked facts of the policies of the Powers chiefly concerned, and sets forth the aims and accomplishments of the various post-war conferences. He has little confidence in the diplomats and doubts that security against war can be attained by the signing of pacts. He sees a possible solution of the problem in a Great Power alliance, which would include Germany, Russia and Japan, as well as the United States, England and France. The author does not overlook the obstacles but does not consider them insuperable. A book of this sort is bound to arouse disagreement, but is refreshingly realistic.

WAR: ORGANIZED DESTRUCTION AND MASS MURDER BY CIVILIZED NATIONS. By SCOTT NEARING. New York: Vanguard, 1931, 318 pp. $3.00.

An attack upon our present civilization, which makes war inevitable.

WHAT WOULD BE THE CHARACTER OF A NEW WAR? Enquiry Organised by the Inter-Parliamentary Union. London: King, 1931, 411 pp. 16/.

This volume is an illustration of the substantial contributions made by the Inter-Parliamentary Union in the cause of peace. Starting with the belief that the cause will be well served if there is a clear and widespread understanding of the nature and consequences of modern warfare, the Union organized an enquiry of experts drawn from many countries. Their report covers every conceivable aspect of the problem. There are chapters on the mechanization of war and on the new weapons, on the adaptability of modern states for the needs of war, on the methods of defense against the new warfare, and a special section on chemical and bacteriological warfare. Other chapters take up the psychological, demographic, financial and general economic effects of war. Among the contributors are General Réquin, Major Lefebure, General Montgelas, Francis Delaisi, Paul Haensel, Sir Norman Angell and Nicolas Politis.

DISARMAMENT AND THE INTER-PARLIAMENTARY UNION. By WILLIAM MARTIN. Paris: Payot, 1931, 145 pp. Fr. 2.50.

A brochure, published under the auspices of the Union and written by the well-known political editor of the *Journal de Genève*.

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THE GENEVA EXPERIMENT. By William E. Rappard. New York: Oxford University Press, 1931, 115 pp. $1.75.

These four lectures trace the evolution of the League, describe the conflict between the ideas of world unity and national sovereignty, and survey the League today.

DIE STELLUNG DER MENSCHLICHEN GESELLSCHAFT ZUM VOELKERBUND. By Ludwig Waldecker. Berlin: Heymanns, 1931, 374 pp. M. 20.

This heavily documented book cannot be expected to interest the layman who desires a general treatment of the League organization and machinery, but it should certainly be in the library of everyone who takes the League seriously and devotes some study to it. The author has tried to make a comprehensive survey of the attitude of various social groups to the idea of international organization generally and to the League in particular. There is some discussion of the stand taken by the pre-war, war and post-war generations, of the activities of women, and of the attitude of different race groups. The bulk of the volume is devoted to an examination of the different nations as states, including the minor Powers and the neutrals as well as the Allies. Other chapters take up such questions as Pan-America and Pan-Europe, and discuss the activities of parties, social classes, professions and religious groups. The final sections are devoted to a review of the writings and theories of protagonists in the past, and to the policies of the leading statesmen of the post-war period.

THE INTERNATIONAL COURT. By Edward Lindsey. New York: Crowell, 1931, 347 pp. $3.75.

An up-to-date manual of the court's history, organization and activity.

WORLD PEACE AND ARMAMENTS. By A. J. Jacobs. London: Hutchinson, 1931, 183 pp. 12/6.

A reëxamination of the vexed problem of armaments.

MINORITIES AND BOUNDARIES. Edited by Otto E. Lessing. New York: Van Riemsdyck, 1931, 162 pp. $2.00.

A series of papers by various authors dealing with Alsace-Lorraine, the Germans in Czechoslovakia, the *Anschluss* problem, the Polish Corridor, and the general question of minorities.

DAS MINDERHEITENSCHUTZVERFAHREN DES VOELKERBUNDES. By Rudolf Ramlow. Berlin: Ebering, 1931, 94 pp. M. 3.30.

Another technical discussion of the League provisions for the protection of minorities.

LA GUERRA DEGLI STATI DELL' INTESA. By E. Cimbali. Catania: Giannotta, 1931, 107 pp. L. 10.

The Fourteen Points as a possible basis for the revision of the mandates and of the peace treaties in general.

THE MAKING OF CITIZENS. By Charles E. Merriam. Chicago: Chicago University Press, 1931, 386 pp. $3.00.

Some admirable chapters are devoted to a comparison of various national systems of civic training.

DER WIRTSCHAFTSKAMPF. By R. Franke. Leipzig: Noske, 1931, 121 pp. M. 5.

An historical examination of the place of economic sanctions in international law, with a discussion of the provisions for such sanctions in the League Covenant.

International Relations of the United States

THE EPIC OF AMERICA. By James Truslow Adams. Boston: Little, Brown, 1931, 433 pp. $3.75.

A well-written introduction to the history of the United States.

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SURVEY OF AMERICAN FOREIGN RELATIONS, 1931. By Charles P. Howland. New Haven: Yale University Press, 1931, 504 pp. $5.00.

This fourth volume of the series published for the Council on Foreign Relations continues the policy of treating in some detail certain special aspects of American foreign relations. The evolution of the Mexican problem and of American-Mexican relations takes up the bulk of the space. The reader will find here much valuable factual material upon investments, land legislation, oil rights, immigration, the ecclesiastical controversy, etc., in addition to a discussion of American policy. The balance of the volume is devoted to the question of limitation of armaments, with special reference to the London Naval Conference, and to the Bank for International Settlements, along with a note on American war claims against Germany, Austria and Hungary.

COURSES ON INTERNATIONAL AFFAIRS IN AMERICAN COLLEGES, 1930–1931. By Farrell Symons. Boston: World Peace Foundation, 1931, 353 pp. $5.00.

A reference book, showing the surprising extent to which international studies have been carried in American institutions.

LEONARD WOOD. By Hermann Hagedorn. New York: Harpers, 1931, 2 vols. $10.00.

A full-length biography, with many sidelights on General Wood's relations with Roosevelt and on his position during the World War.

NEWTON D. BAKER. By Frederick Palmer. New York: Dodd, Mead, 1931, 2 vols., 421, 451 pp. $7.50.

These important volumes are reviewed at length elsewhere in this issue.

MY UNITED STATES. By Frederic J. Stimson. New York: Scribners, 1931, 478 pp. $3.50.

A most interesting volume of reminiscences and reflections on American life, together with an account of the author's ambassadorship to Argentina.

AMERICA'S SIBERIAN ADVENTURE. By General William S. Graves. New York: Cape and Smith, 1931, 386 pp. $3.50.

The authoritative account of the American expedition of 1918–1920, as told by the commanding officer.

"PROSPERITY." WUNDERGLAUBE UND WIRKLICHKEIT IM AMERIKANISCHEN WIRTSCHAFTSLEBEN. By M. J. Bonn. Berlin: Fischer, 1931, 177 pp. M. 3.

A German economist reviews the post-war development of the United States and the economic and psychological effects of the depression.

THE INTERNATIONAL CONFERENCES OF AMERICAN STATES, 1889–1928. Edited by James B. Scott. New York: Oxford University Press, 1931, 551 pp. $3.50.

An important collection of source material, published by the Carnegie Foundation.

THE UNITED STATES AND DISARMAMENT. By Benjamin H. Williams. New York: McGraw-Hill, 1931, 361 pp. $3.50.

A timely and substantial volume. The author examines in turn the possibility of making American interests secure by means of further naval development, and the prospect of attaining the same end by international understanding for the limitation of armaments. There is an introductory discussion of the evolution of sea-power and of the theory of naval supremacy, but the larger part of the volume is taken up with a review and analysis of the work of the various post-war conferences and with a discussion of the advantages of action through the League. The author is convinced that theories of sea-power are outworn, and that the future can be secured only through pacific methods.

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AMERICA WEIGHS HER GOLD. By James H. Rogers. New Haven: Yale University Press, 1931, 258 pp. $2.50.

This study, written by a well-known economist, goes beyond the mere question of the distribution of gold and touches on the general financial and trade relations of the United States.

INTERNATIONAL COMMUNICATIONS. THE AMERICAN ATTITUDE. By Keith Clark. New York: Columbia University Press, 1931, 261 pp. $3.75.

A scholarly study of the evolution of international posts, telegraphs and wireless, with an analysis of the American policy in the organization of these services.

TREATIES AND OTHER INTERNATIONAL ACTS OF THE UNITED STATES OF AMERICA. Edited by Hunter Miller. Washington: Government Printing Office, 1931, Vol. I, 201 pp., $1.25; Vol. II, 662 pp., $4.

A new chronological arrangement, according to date of signature, of all international acts of the United States since 1776. Volume II, the first volume of texts, covers the years 1776–1818. Volume I (incomplete and provisional) is limited to descriptive matter.

The World War

DOCUMENTS DIPLOMATIQUES FRANÇAIS, 1871–1914. Series II, Volume 2. Paris: Imprimerie Nationale, 1931, 726 pp.

The latest volume of the French diplomatic correspondence, covering the year 1902.

DIE INTERNATIONALEN BEZIEHUNGEN IM ZEITALTER DES IMPERIALISMUS. Berlin: Hobbing, 1931, 474 pp. M. 38.

This is the first volume of the great Russian series of pre-war and war-time diplomatic correspondence. It covers only the period from the middle of January to the middle of March 1914, but is full of interesting material. The editing is admirable.

DER ENTSCHEIDENDE SCHRITT IN DEN WELTKRIEG. By Alfred von Wegerer. Berlin: Quader, 1931, 85 pp. M. 3.50.

The author, a persistent exponent of the German thesis regarding all aspects of the war-guilt question, makes a fresh examination of the Austro-Serbian crisis. His conclusion is that Austria was not absolutely bent on a Serbian rejection of the ultimatum, while the Serb rejection was due largely to Russian influence.

ARCHDUKE FRANCIS FERDINAND. By Victor Eisenmenger. London: Selwyn, 1931, 285 pp. 18/.

A translation of a general biography.

M. POINCARÉ ET LA GUERRE DE 1914. By Gustave Dupin. Paris, 1931.

The well-known French pacifist attacks Poincaré's policy and reviews the whole problem of French responsibility.

AT G. H. Q. By Brigadier-General John Charteris. London: Cassell, 1931, 364 pp. 12/6.

Haig's chief of intelligence writes the story of the command as he saw it, with many side lights on events and personalities.

THEY WON THE WAR. By Frank H. Simonds. New York: Harpers, 1931, 120 pp. $1.00.

A well-known political writer reviews and evaluates the work of leaders in the war.

LE G. Q. G. ALLEMAND ET LA BATAILLE DE LA MARNE. By Lieutenant-Colonel Koeltz. Paris: Payot, 1931, 432 pp. Fr. 40.

A keen study, historical and psychological, of the German high command during the battle of the Marne.

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LA SUISSE ET SON ARMÉE DANS LA GUERRE MONDIALE. By General P. E. Bordeaux. Paris: Payot, 1931, 192 pp. Fr. 18.

This competent study of Switzerland's military position during the war fills an important gap.

GABRIELE D'ANNUNZIO COMBATTENTE DELLA REGIA MARINA. Rome: Poliografica Italiana, 1931, 309 pp. L. 30.

A detailed review of D'Annunzio's activities with the navy, published by the Italian Ministry of Marine.

DER STREIT UM DEN BELGISCHEN FRANKTIREURKRIEG. By Robert P. Oszwald. Cologne: Gilde, 1931, 284 pp. M. 4.80.

This latest book on the vexed question of civilian warfare in Belgium may be taken as the most competent presentation of the German view, and is, at the same time, a complete digest of the extensive literature on the subject.

HUNGER. DIE ERSCHÖPFUNGSJAHRE DER MITTELMACHTE, 1917–1918. By General O. Landwehr. Zurich: Amalthea, 1931, 325 pp. M. 6.50.

An important contribution to the history of the war on the domestic side, written by the Austrian food administrator.

DIE RUSSEN IN OSTPREUSSEN, 1914–1915. By Fritz Gause. Königsberg, 1931, Gräfe and Unzer, 425 pp. M. 8.

An official publication dealing with one of the lesser-known chapters of the war.

LE COMMANDEMENT NAVAL EN MÉDITERRANÉE. By Adolphe Laurens. Paris: Payot, 1931, 356 pp. Fr. 30.

A French military historian studies the vicissitudes and rivalries of the high command in the Mediterranean.

LE HEDJAZ DANS LA GRANDE GUERRE. By General Edward Brémond. Paris: Payot, 1931, 352 pp. Fr. 25.

The Arab campaign viewed by a French officer who participated in it.

HISTORY OF THE GREAT WAR. MILITARY OPERATIONS. TOGOLAND AND CAMEROONS, 1914–1916. London: H. M. S. O., 1931, 15/.

Another volume in the British official history.

Western Europe

DIVIDED EUROPE. By Somerset De Chair. London: Cape, 1931, 224 pp. 5/.

A stimulating essay, containing some radical and probably impracticable suggestions for revision of the treaties and the union of Europe.

EUROPEAN DICTATORSHIPS. By Count Carlo Sforza. New York: Brentano, 1931, 273 pp. $3.00.

The former Italian foreign minister surveys the post-war dictatorships in a series of essays characterized by his usual understanding. He is too keen an observer to fall into the usual error of lumping all the dictatorships together, and distinguishes carefully between the various manifestations of autocratic government seen in different parts of Europe today.

TECHNIQUE DU COUP D'ÉTAT. By Curzio Malaparte. Paris: Grasset, 1931, Fr. 15.

An unusual book, and one that deserves attention. The author, a prominent Fascist, who was in Russia in 1917 and in Italy at the time of the march on Rome, studies the famous *coups d'état* of modern history, and the technique of revolutionary leaders like Lenin, Trotzky, Mussolini, Hitler, Kapp, Pilsudski and Primo di Rivera. While apologizing for the action of Mussolini and the Blackshirts, the author is critical of the

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methods and aims of other leaders. He stresses the fundamental weakness of modern governments that depend for defense entirely upon the police, and points out that a *coup d'état* is a relatively easy operation provided there is reasonable preparation and a modicum of leadership and energy.

PORTRAITS AND APPRECIATIONS. By Viscount D'Abernon. London: Hodder and Stoughton, 1931, 259 pp. 7/6.

This volume includes the introductions to the various volumes of D'Abernon's memoirs, together with some new character sketches of European leaders.

PANEUROPA ODER MITTELEUROPA? By Hans Krebs. Munich: Eher, 1931, 68 pp. M. 80.

A National Socialist view of the future organization of Europe.

DER NEUE PLAN. By Eduard Heilfron and Paul Nassen. Berlin: Heymann, 1931, 524 pp. M. 24.

A standard collection of documents, with elucidation, covering the Young Plan and the Hague agreements.

REPARATIONEN UND RÜSTUNGEN. By B. Kautsky. Vienna: Hess, 1931, 218 pp. M. 4.80.

The author attempts to set forth especially the connection between the questions of reparations and armaments and the domestic situation in Germany.

L'EUROPE CONTRE LES PATRIES. By Drieu la Rochelle. Paris: Nouvelle Revue Française, 1931, Fr. 15.

The countries of western and central Europe are urged to rise above national strife and present a united front against Russia and America.

LA POLITIQUE DE SÉCURITÉ. By Ernest Judet. Paris: Rivière, 1931, 406 pp. Fr. 35.

A French journalist outlines the evolution of the problem.

REVISER LES TRAITÉS? By Georges Roux. Paris: Plans, 1931.

A critique of the Little Entente and a plea for Hungary.

FRENCH POLITICAL THOUGHT IN THE NINETEENTH CENTURY. By Roger Soltau. New Haven: Yale University Press, 1931, 500 pp. $5.00.

One of the best books on the historical background of modern France.

LYAUTEY. By André Maurois. New York: Appleton, 1931, 369. $3.00.

The career of the great French administrator, interestingly pictured by a popular present-day biographer.

LYAUTEY, LE MAGICIEN. By Henry L. Dubly. Lille: Bresle, 1931, 479 pp. Fr. 30.

A detailed account of Lyautey's accomplishments in Morocco.

UN CONFLIT FRANCO-SUISSE À LA COUR DE LA HAYE. By Paul Valayer. Paris: Hachette, 1931. Fr. 5.

A study of the dispute over the free-zone area.

ITALIEN UND FRANKREICH IN IHREN POLITISCHEN, MILITÄRISCHEN UND WIRTSCHAFTLICHEN GEGENSÄTZEN. By Hans Rohde. Berlin: Mittler, 1931, 189 pp. M. 6.50.

An able analysis of the naval rivalry, colonial competition, and economic antagonism between France and Italy, with some consideration of the questions of expansion, emigration and treaty revision.

CONTRIBUTION À L'HISTOIRE DU MOUVEMENT FLAMAND PENDANT LA GUERRE. By J. L. Eggen van Terlan. Brussels: L'Eglantine, 1931, 96 pp.

The account of an active Flemish agitator.

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LA POLITIQUE DE LA BELGIQUE DANS LA SOCIÉTÉ DES NATIONS. By Henri A. Rolin. Geneva: Kundig, 1931, 87 pp.

One of the useful series published by the *Institut de Hautes Études Internationales*.

BELGIQUE. By H. Levy-Ullmann and B. Mirkine-Guetzevitch. Paris: Delagrave, 1931, 350 pp. Fr. 30.

An authoritative treatment of the constitution, political régime and international status of Belgium.

LA POLITIQUE DU DANEMARK DANS LA SOCIÉTÉ DES NATIONS. By Peter Munch. Geneva: Kundig, 1931, 43 pp.

The Danish foreign minister gives us an excellent survey.

THE FALL OF THE KAISER. By Maurice Baumont. New York: Knopf, 1931, 270 pp. $2.75.

An impartial and well-documented account of the Emperor's abdication.

HEINRICH BRÜNING. By Rüdiger R. Beer. Berlin: Politisch-Wissenschaftlicher Verlag, 1931, 70 pp. M. 1.50.

A timely biographical sketch.

DIE LEBENSGESCHICHTE EINES DEUTSCHEN BANKIERS. By Carl Fürstenberg. Berlin: Ullstein, 1931, 577 pp. M. 10.50.

The biography of a prominent German banker, and an important contribution to the history of German finance and industry.

DAS REICH UND PREUSSEN IM KAMPF UM DIE FÜHRUNG. By Hans Goldschmidt. Berlin: Heymann, 1931, M. 23.

A volume of documents and commentary covering the constitutional problem in Germany from Bismarck's time to 1918.

DEUTSCHLANDS WEG AN DER ZEITWENDE. By K. Haushofer and K. Trampler. Munich: Hugendubel, 1931, 238 pp. M. 3.80.

Essays by experts, including men like Treviranus and Schnee, reviewing the German position in eastern and western Europe, the colonial problem, reparations and armaments, domestic, economic and political questions and Germany's position in the world.

LA GERMANIA FRA L'EUROPA E L'ANTIEUROPA. By Giuseppe Piazza. Rome: Campitelle, 1931, 320 pp. L. 18.

An Italian journalist's reports from Berlin.

WEIMARER REICHSVERFASSUNG UND NATIONALE ENTWICKLUNG. By Otto Becker. Berlin: Heymann, 1931, 122 pp. M. 4.

The German historian points out the historical position of the constitution and argues for evolution as against revolutionary change in meeting new requirements.

BOLSCHEVISMUS, FASCHISMUS ODER FREISTAAT? By Ernst Müller-Meiningen. Munich: Wittkop, 1931, 301 pp. M. 6.60.

A telling critique of the German post-war régime.

DIE VOELKERRECHTLICHE STELLUNG DES RHEINS. By Wilhelm Saure. Berlin: Rothschild, 1931, 81 pp. M. 4.80.

A history and study of the present status of the Rhine in international law.

GABRIEL, THE ARCHANGEL; GABRIELE D'ANNUNZIO. By Federico Nardelli and Arthur Livingston. New York: Harcourt Brace, 1931, 336 pp. $3.50.

A critical account of D'Annunzio, with special reference to his personal life and war activities. Signor Nardelli was a member of the Fiume government.

WHAT IS FASCISM AND WHY? Edited by Tomaso Sillani. London: Benn, 1931, 359 pp. 15/.

The English translation of a collection of statements by eminent Fascist leaders.

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LA POLITICA ESTERA FASCISTA. By C. Camoglio. Rome: Tipografia Quintili, 1931, 213 pp. L. 10.
A Fascist presentation of Mussolini's foreign policy.

EFFETTI DELLE ANNESSIONI TERRITORIALI. By A. Fabbri. Padua: C. E. D. A. M., 1931, 156 pp. L. 20.
The author stresses especially the effects of the Fiume and Dalmatian questions on Italy's relations with Jugoslavia.

IL PROBLEMA DELL' ESPANSIONE ITALIANA ED IL LEVANTE ISLAMICO. By S. Nava. Padua: C. E. D. A. M., 1931, 254 pp. L. 30.
A scholarly study of Italian interests and aspirations in the Near East.

LA QUESTIONE ROMANA NELLA STORIA E NEL DIRITTO. By A. Piola. Padua. C. E. D. A. M., 1931, 398 pp. L. 30.
A well-documented history of the Roman Question from Cavour to the Lateran Pact.

SPAIN IN REVOLT. By Joseph McCabe. London: Lane, 1931, 246 pp. 6/.
A popular survey of the evolution of the Spanish attitude towards the monarchy and the Church during the last century.

EL LIBRO DE LA REPÚBLICA ESPAÑOLA. By José Simón Valdivielso. Madrid: Sociedad Española de Libreria, 1931, 110 pp.
A popular account of the downfall of the monarchy.

¿POR DÓNDE SE SALE? By Jerónimo Garcia Gallego. Madrid: Tipografia de Archivos, 1931, 784 pp. Pes. 10.
The program of a prominent Spanish leader.

LA REDENCIÓN DE LAS PROVINCIAS Y LA DECENCIA NACIONAL. By José Ortega y Gasset. Madrid: Revista de Occidente, 1931, 218 pp. Pes. 5.
A collection of articles on the constitutional question, written between 1927 and 1930 by one of the intellectual leaders of the Spanish revolution.

Eastern Europe

LE PROBLÈME DE LA PAIX. By General Wladyslaw Sikorski. Paris: La Vie Latine, 1931, Fr. 30.
The author deals primarily with the play of forces in eastern Europe and discusses at length the rôle of the Franco-Polish alliance.

DIE OSTEUROPÄISCHEN STAATEN. By Friedrich Kürbs. Stuttgart: Enke, 1931, 266 pp. M. 12.
Reports drawn up for the *Reichsverband der deutschen Industrie*, chiefly economic in character and covering the Baltic states and Poland.

ESTHLAND. By A. Pullerits. Tallinn: Kluge and Ströhm, 1931, 356 pp. M. 6.
An admirable reference book.

POLENS KAMPF GEGEN SEINE NICHTPOLNISCHEN VOLKSGRUPPEN. By Stanislaus Mornik. Berlin: De Gruyter, 1931, 154 pp. M. 9.
The author gives an account of the Polish linguistic, religious and economic campaign against the non-Polish population groups.

HIDDEN SPRINGS OF THE RUSSIAN REVOLUTION. By Katerina Breshkovskaia. Stanford: Stanford University Press, 1931, 369 pp. $5.00.
An important contribution to the history of the Russian revolutionary movement, written by the famous woman leader.

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FEBRUARY 1917. By Aleksei Tarasov-Rodionov. New York: Covici, Friede, 1931, 378 pp. $3.75.

The overthrow of Tsarism and the return of Lenin as recounted by a Red general.

IS INTERVENTION IN RUSSIA A MYTH? By William T. Goode. London: Williams and Norgate, 1931, 126 pp. 2/6.

The former correspondent of the *Manchester Guardian* in the Baltic states and Russia believes that the Moscow trial of 1930 demonstrates the real danger of intervention.

IM SOWJET-LABYRINTH. By M. J. Larsons. Berlin: Transmare, 1931, 255 pp.

This volume, written by a former Bolshevik official, contains interesting sketches of Krestinski, Joffe, Chicherin and other leaders.

SOVIET POLICY IN PUBLIC FINANCE. By Gregory Y. Sokolnikov, and others. Stanford: Stanford University Press, 1931, 470 pp. $4.00.

An authoritative study covering the years 1917 to 1928, written under the direction of the former commissar for finance.

PLANETA. WIR UND DIE WELTWIRTSCHAFT. By E. Agahd. Berlin: Weitsicht-Verlag, 1931, 356 pp. M. 10.

A critique of German investments and banking activities in pre-war Russia.

THE SOVIETS CONQUER WHEAT. By Anna Louise Strong. New York: Holt, 1931, 288 pp. $2.50.

An enthusiastic account of the revolutionary experiment in Russian agriculture.

T. G. MASARYK E L'UNITÀ CECOSLOVACCA. By U. Nani. Milan: Treves, 1931, 260 pp. L. 7.

The resurrection of the Czech state described by one of the most competent Italian students of eastern affairs.

LE PROBLÈME HONGROIS. By René Dupuis. Paris: Éditions Internationales, 1931, 220 pp.

An impartial and well-documented analysis of the Hungarian situation, with special reference to economic problems and minority questions arising from the peace treaties.

STURM AUF UNGARN. By E. Malyúsz. Munich: Dresler, 1931, 295 pp. M. 9.30.

A virulent and excited attack upon the exiled communist leaders and their agitation against the present Hungarian régime.

LE COMTE ALBERT APPONYI. By Alexandre Pethö. Paris: Oeuvres Representatives, 1931, 256 pp. Fr. 12.

A laudatory biography, with a supplement containing the text of Count Apponyi's speeches at Geneva.

GRAF STEFAN BETHLEN. By Edgar von Schmidt-Pauli. Berlin: Hobbing, 1931, 299 pp. M. 7.

This book is more than a biography of Bethlen, being really a succinct account of the history of post-war Hungary, written by a well-informed author.

LE CARREFOUR DES EMPIRES MORTS. By Lucien Romier. Paris: Hachette, 1931, Fr. 15.

An excellent introduction to conditions in Greater Rumania, written by an able French historian.

AND THEN TO TRANSYLVANIA. By Henry Baerlein. London: Shaylor, 1931, 253 pp. 7/6.

The latest travel book of a familiar writer on eastern European countries.

FERDINAND VON BULGARIEN. By Hans R. Madol. Berlin: Universitäts-Verlag, 1931, 310 pp. M. 10.

An admiring biography of the ex-Tsar, based upon material from the Berlin and Vienna archives and upon information given by Ferdinand himself.

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GREECE AND THE GREEK REFUGEES. By Charles B. Eddy. London: Allen and Unwin, 1931, 280 pp. 12/6.

The former — and last — head of the American Refugee Settlement Commission gives a dispassionate account of the problems with which he became familiar during the period of his service in Greece.

The British Commonwealth of Nations

ENGLAND'S OPPORTUNITY. By Reginald Berkeley. London: Gollancz, 1931, 260 pp. 3/.

The author, replying to Siegfried, advocates a new liberalism and something akin to a five-year plan. This is a book worth reading.

L'ANGLETERRE EST-ELLE EN DÉCADENCE? By Raymond Recouly. Paris: Éditions de France, 1931, 224 pp. Fr. 15.

Another volume called forth by Siegfried's critique.

THE TRAGEDY OF WINSTON CHURCHILL. By Victor W. Germains. London: Hurst, 1931, 288 pp. 12/6.

A bitter and telling attack upon Churchill, biographical in form but devoted to special episodes in his political career.

JAMES RAMSAY MACDONALD. By Mary A. Hamilton. London: Cape, 1931, 305 pp. 3/6.

A warmly appreciative biographical sketch, written before the recent crisis.

MONETARY PROBLEMS OF THE BRITISH EMPIRE. By S. E. Harris. New York: Macmillan, 1931, 569 pp. $5.00.

The author deals in a scholarly way with the evolution of the English situation since the beginning of the war, and relates it to conditions in the dominions. There are detailed chapters on India, Australia, South Africa and Egypt, also a bibliography.

A SHORT HISTORY OF INDIA. By P. T. Srinivar Iyengar. New York: Oxford University Press, 1931, 214 pp. $.85

A compact, non-controversial manual.

L'INDE CONTRE LES ANGLAIS. By Andrée Viollis. Paris: Éditions des Portiques, 1931, 270 pp. Fr. 12.

A history of the nationalist movement, dramatically written.

MAHATMA GANDHI AT WORK. Edited by C. F. Andrews. New York: Macmillan, 1931, 407 pp. $2.50.

The second volume of Gandhi's autobiography, covering his activities in South Africa.

MR. GANDHI, THE MAN. By Millie G. Polak. London: Allen and Unwin, 1931, 186 pp. 5/.

Non-political reminiscences and impressions, written by the wife of one of Gandhi's chief assistants during the South Africa period.

INDIA INSISTENT. By Sir Harcourt Butler. London: Heinemann, 1931, 125 pp. 3/6.

The author, who has had forty years of experience in Indian affairs, surveys the land, the people and the religions of India, and describes recent developments. This is undoubtedly one of the best books on the Indian problem.

THE CRUX OF THE INDIAN PROBLEM. By R. P. Paranipye. London: Watts, 1931, 116 pp. 3/6.

The crux, as the author sees it, is in the religious antagonism, which can only be overcome by a spread of rationalism.

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THE BURDEN OF SWARAJ. By K. M. Purkayastha. Calcutta: The Book Company, 1931, 192 pp. 5/.

A moderate nationalist statement.

INDIA IN REVOLT. By Major-General J. F. C. Fuller. London: Eyre and Spottiswoode, 1931, 272 pp. 7/6.

A rather incoherent book, with chief emphasis on the problem of defense.

COME WITH ME TO INDIA. By Patricia Kendall. New York: Scribners, 1931, 467 pp. $3.50.

The author, who is well-informed, identifies the nationalist movement with Hindu and Moslem opposition to the western influences on which Indian welfare depends.

THE ROMANCE OF THE INDIAN FRONTIERS. By Sir George MacMunn. London: Cape, 1931, 349 pp. 16/.

A well-known military historian reviews the story of India's frontier struggles.

PRINCIPLES OF THE CONSTITUTION OF THE UNITED STATES OF INDIA. By R. G. Pradhan. Poona: Aryabhushan, 1931, 114 pp. Rs. 4.

A vigorous and original discussion of the problems of defense and the position of the native states.

The Near East

ORIENT UND OKZIDENT. By Hans Kohn. Berlin: Zentralverlag, 1931, 95 pp. M. 3.

A popular introductory account of the impact of western culture upon the eastern nations, written by one of the foremost students of the problem.

THE PARTITION OF TURKEY, 1913–1923. By Harry N. Howard. Norman: University of Oklahoma Press, 1913, 486 pp. $5.00.

This careful study of the immense amount of diplomatic correspondence that has been published dealing with Near Eastern affairs during the period in question fills a real need for a reliable digest of much conflicting and scattered information. The author takes up in detail the situation on the eve of the war, Turkey's entrance into the conflict, the negotiations leading to the Constantinople Treaty, the claims of the Balkan states, the secret treaties and the attempts to realize upon them, the Greek-Turkish conflict, the Lausanne negotiations, and the mandates. The book is heavily documented, but little effort is made to relate the action of diplomacy to the domestic problems of the Near East and the author is not very successful in synthesizing his material or interpreting the significance of the problems under discussion.

MUSTAPHA KEMAL. By Dagobert von Mikusch. New York: Doubleday, Doran, 1931, 390 pp. $4.00.

The German original of this biography has already been noted.

IL MANDATO FRANCESE IN SIRIA DALLE SUE ORIGINE AL 1929. By Santi Nava. Genoa: Milani, 1930, 269 pp.

A sharp criticism of the French policy.

YESTERDAY AND TODAY IN SINAI. By Major C. S. Jarvis. London: Blackwood, 1931, 312 pp. 15/.

Entertaining and informative pages by the governor of the region.

AEGYPTEN UND DER ARABISCHE ORIENT. By Siegfried Passarge. Berlin: Zentralverlag, 1931, 70 pp. M. 2.40.

An excellent popular introduction, with stress upon cultural and economic factors.

LA PERSE AU CONTACT DE L'OCCIDENT. By Ali Akbar Siassi. Paris: Leroux, 1931, 273 pp. Fr. 50.

A dispassionate discussion of English policy and American influence, by a professor at the University of Teheran.

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Africa

RACIAL SEGREGATION IN SOUTH AFRICA. By Walter A. Cotton. London: Sheldon, 1931, 158 pp. 2/6.
A suggestive though not altogether convincing essay by one who has lived among the natives for twenty years.

NOIRS ET BLANCS. By Jacques Weulersee. Paris: Colin, 1931, 242 pp. Fr. 15.
Some keen observations on the color problem and the difficulties of European colonization.

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A general survey of the Cameroons and Togo, prepared with the aid of official documents for the Colonial Exposition.

LE MAROC. By Jean Célérier. Paris: Colin, 1931, 220 pp. Fr. 12.
A description of land and people, written by a professor at the institute at Rabat.

LA ZONA DI TANGERI NEL DIRITTO INTERNAZIONALE E NEL DIRITTO MAROCCHINO. By C. Baldoni. Padua: C. E. D. A. M., 1931, 55 pp. L. 7.
A technical legal study of the status of Tangiers.

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An intensive study of Algerian life and the possibilities of the future, written by a former governor-general.

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A French professor reviews the history of Algeria and the French achievement during the past century.

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One of the admirable descriptive studies prepared for the Colonial Exposition.

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Another volume in the same series.

GALLIENI ET MADAGASCAR. By P. B. Gheusi. Paris: Éditions du Petit Parisien, 1931, Fr. 15.
A popular account of Gallieni's administration.

The Far East

THE STORM-SWEPT ROOF OF ASIA. By Emil Trinkler. Philadelphia: Lippincott, 1931, 312 pp. $5.00.
The report of a journey through Tibet and Turkestan to India.

FUNKELNDER FERNER OSTEN. By R. Katz. Berlin: Ullstein, 1931, 299 pp.
Journalistic sketches of life in China, Japan and Korea.

RUSSIA AND THE SOVIET UNION IN THE FAR EAST. By Victor Yakhontoff. New York: Coward-McCann, 1931, 454 pp. $5.00.
This is certainly a most welcome addition to the literature of the Far Eastern situation. Students of the problem have long felt the need of material from the Russian side,

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and this is now filled in large part by General Yakhontoff, who has had long experience of Far Eastern affairs under various régimes and who has based the present study upon the extensive writings of Russian as well as of European and American scholars. He writes in a good-natured way and with fairness, though he is sometimes rather hard on the Japanese. In any case it is of the utmost value to have this Russian slant on the Pacific problem, and to have in convenient form the admirable bibliography and collection of documents contained in the appendices. Some of these documents are here published for the first time, from the texts in the Moscow archives.

INDO-CHINE. By Sylvain Lévi. Paris: Société d'Éditions Géographiques, 1931, two parts, Fr. 240.

One of the elaborate and competent surveys published for the Colonial Exposition.

SUN YAT-SEN. By Henry B. Restarick. New Haven: Yale University Press, 1931, 167 pp. $2.50.

An important contribution. The author has collected much new material bearing on the formative years of the great Chinese leader.

CHINA IN REVOLUTION. By Harley F. MacNair. Chicago: Chicago University Press, 1931, 244 pp. $2.50.

This general outline of the Chinese Revolution is intended for the non-specialist.

THE END OF EXTRATERRITORIALITY IN CHINA. By Thomas F. Millard. Shanghai: The A.B.C. Press, 1931, 278 pp.

The writer, a well-known journalist and adviser of the Chinese Government, approaches the problem from a thoroughly nationalist standpoint.

JAPAN'S SPECIAL POSITION IN MANCHURIA. THE INTERNATIONAL LEGAL STATUS OF THE KWANTUNG LEASED TERRITORY. JAPANESE JURISDICTION IN THE SOUTH MANCHURIAN RAILWAY AREAS. By C. Walter Young. Baltimore: Johns Hopkins Press, 1931, 412, 249, 332 pp. $2.25, each.

These three important volumes appear most opportunely at the moment when reliable information on Manchuria and on Japan's special position there is in urgent demand. They are from the pen of an authority who has lived for a number of years in Manchuria and who has thus had direct access to valuable sources of information. The three volumes comprise a series under the general title "Japan's Jurisdiction and International Legal Position in Manchuria," although each separate book is itself a unified whole. The facts presented are intended for the student of politics, not the historian or the economist, even though the sequence of historical events has been followed, and all the volumes — particularly the one dealing with Japan's "special position" — are packed with economic material. Each volume is well documented and indexed, and contains a good map as well as a bibliography.

JAPAN. By Harold G. Moulton and Junichi Ko. Washington: The Brookings Institution, 1931, 645 pp. $4.00.

A well-prepared monograph on the economic development of Japan.

THE CONSTITUTION OF JAPAN. By N. Matsunami. Tokio: Maruzen, 1930, 358 pp. 22/6.

A satisfactory brief treatment, written by a Japanese professor.

LE JAPON D'OUTREMER. By M. Moncharville. Paris: Pedone, 1931, 238 pp.

One of the few good descriptive political and economic studies of the Japanese possessions in Formosa, Korea, Kwantung and the Pacific.

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A general introductory history, covering the period from the attainment of independence.

AMERICA HISPANA. By Waldo Frank. New York: Scribners, 1931, 388 pp. $3.50.

A study of Latin American types and psychology, beautifully written and very stimulating.

THE STRUGGLE FOR SOUTH AMERICA. By J. F. Normano. Boston: Houghton Mifflin, 1931, 294 pp. $4.00.

One of the best recent books on South America and its place in the world, written by a widely-travelled Brazilian scholar.

MODERN SOUTH AMERICA. By C. W. Domville Fife. London: Seeley, 1931, 320 pp. 21/.

A comprehensive, illustrated survey.

PORTO RICO: A BROKEN PLEDGE. By Bailey W. Diffie and Justine W. Diffie. New York: Vanguard, 1931, 287 pp. $2.00.

Political, social and economic conditions in the island after thirty years of American rule.

THE CUBAN SITUATION AND OUR TREATY RELATIONS. By Philip G. Wright. Washington: The Brookings Institution, 1931, 207 pp. $2.50.

A review of the American intervention and the subsequent treaties, with special reference to their effects upon Cuba's economic life.

THE CAPITALISTS AND COLOMBIA. By James F. Rippy. New York: Vanguard Press, 1931, 288 pp. $2.00.

A competent study of foreign interests and activities in Colombia; a valuable contribution to the study of imperialism.

MEXICO. By Stuart Chase. New York: Macmillan, 1931, 338 pp. $3.00.

Mexican life and culture as seen by a well-known advocate of the pre-machine civilization.

BIBLIOGRAFIA DE LA REVOLUCION MEXICANA. By Roberto Ramos. Mexico: Ministry for Foreign Affairs, 1931, 530 pp.

A comprehensive survey of the sources and literature of the revolution.

Miscellaneous

THE WORLD ECONOMIC CRISIS, 1929–1931. By Paul Einzig. New York: Macmillan, 1931, 177 pp. $2.75.

An analysis by a well-known writer on finance and economic problems.

THE BANKS AND PROSPERITY. By Lionel D. Edie. New York: Harpers, 1931, 190 pp. $2.50.

The author discusses the rôle of the central banks of the United States, England, France and Germany, and calls for more progressive policies.

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The history of the international effort to regulate the sale of opium.

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AGRICULTURAL MORTGAGE CREDIT

CONVENTION for the creation of an International Agricultural Mortgage Credit Company, Geneva, June 21, 1931. London, 1931. 29 p. 24½ cm. (Miscellaneous No. 18 (1931) Cmd. 3931.) 6d.

ARMAMENT CONFERENCE

DOCUMENTS of the Preparatory Commission for the Disarmament Conference entrusted with the Preparation for the Conference for the Reduction and Limitation of Armaments. Series XI. Part I. Index containing a Detailed Analysis of the Documents of the Preparatory Commission for the Disarmament Conference and its Sub-Commissions. Part II. Index or Brief Analysis of the Documents of the Committee on Arbitration and Security. Geneva, 1931. 99 p. 33 cm. (League of Nations, C. 428. M. 178. 1931. IX. 5.)

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The Particulars furnished by the United States, Belgium, France, Great Britain, the Netherlands, Germany, Sweden, Austria, Denmark, Italy, Japan and Estonia, Nos. 1–12, are published in the League of Nations, *Official Journal.* The whole series and other material, including the acceptances of the armaments truce, are being collected under a Disarmament Conference rubric (Conf. D. in the official number abbreviation).

BALANCE OF PAYMENTS AND TRADE

ECONOMIC and Financial Section. Memorandum on International Trade and Balances of Payments, 1927–1929. Volume III. Trade Statistics of Sixty-Four Countries (including provisional summary figures for 1930). Geneva, 1931. 368 p. 27 cm. (League of Nations, 1930. II. 54/III.) $2.50.

AMERICAN Direct Investments in Foreign Countries. Washington, 1931. 57 p. 23¼ cm. (Trade Information Bulletin No. 731.) 10 cents.

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INTERNATIONAL Conference for the Unification of Laws on Bills of Exchange, Promissory Notes and Cheques (Second Session). Convention Providing a Uniform Law for Cheques (with Protocol and Annexes), Geneva, March 19, 1931. Geneva, 1931. 18 double p. + 2 p. 33 cm. (League of Nations, C. 458. M. 195. 1931. II. B. 16.)

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EXCHANGE of Notes between His Majesty's Government in the Irish Free State and the Roumanian Government in regard to Commercial Relations, Bucharest, October 1/27, 1930. London, 1931. 3 p. 24½ cm. (Treaty Series No. 41 (1931) Cmd. 3951.) 1d.

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FRIENDSHIP, Commerce and Consular Rights. Treaty and Supplementary Agreement between the United States of America and Austria. Signed June 19, 1928, and January 20, 1931. Washington, 1931. 30 p. 23¼ cm. (Treaty Series, Nos. 838 and 839.) 10 cents.

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———. Volume II. 1. Report by the Secretary-General of the League of Nations on Action taken on the Decisions of Previous Conferences. 2. Memorandum on the Principal Questions Dealt with by the Advisory and Technical Committee for Communications and Transit since the Third General Conference. 3. Grave Occurrences of a General Character Affecting Routes of Communication. Geneva, 1931. 20 p. 33 cm. (4th C. G. C. T. 1. 1931. VIII. 12./II.) 20 cents.

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———. REPORT by the Committee on the Work of Its Thirteenth Plenary Session. Submitted to the Council and to the Assembly. Geneva, 1931. 52 p. 33 cm. (League of Nations, A. 23. 1931. XII. A. 4.)

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TABLES, Diagrams and Graphs showing the state of signatures, ratifications and accessions in Agreements and Conventions concluded under the auspices of the League of Nations up to September 1, 1931. No. 2. Geneva, 1931. 30½ cm. (League of Nations, A. 26. 1931. V. 9.)

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ECONOMIC developments in Palestine; prepared in the Division of Regional Information from reports by Gabriel D. Ferrante, P. Knabenshue, and from official sources (1931). 3 p. 4°. (From Commerce reports, Aug. 17, 1931.)

PALESTINE Commission on the Disturbances of August, 1929. Volume I. Evidence heard during the 1st to 29th Sittings. London, 1930. 522 p. 33½ cm. (Colonial No. 48.) £1 5s. 0d.

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AMERICAN Expeditionary Forces. Order of battle of United States land forces in World War, American Expeditionary Forces, divisions. 1931. vii, 451 p. (War Dept. doc. 23a.) Cloth, $1.50.

THE DEPARTMENT of State of the United States. Prepared in the Office of the Historical Adviser July, 1931. Washington, 1931. 97 p. 23 cm. (Publications of the Department of State No. 232.) 25 cents.

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